
**ACCOUNTING AND FINANCIAL SYSTEMS BRANCH
(RFA)**



**STANDARD OPERATING PROCEDURES (SOP)
PERSONAL PROPERTY PORTION OF THE GENERAL PROPERTY, PLANT
AND EQUIPMENT FINANCIAL STATEMENT LINE ITEM**

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1.0 INTRODUCTION

The Standard Operating Procedures (SOP) for Personal Property documents the policies and procedures necessary for reporting Personal Property to the Marine Corps Balance Sheet as part of the General Property, Plant and Equipment (PP&E) line item. This SOP defines Personal Property, outlines the requirements for its financial reporting, presents the responsibilities of various entities in its reporting, and details the Marine Corps processes that result in the recording of Personal Property in the financial statements. This document represents Volume II, Balance Sheet, Chapter 8, Section 8.B - Personal Property, within the Consolidated Financial Management SOP Manual.

2.0 REQUIREMENTS

Marine Corps Personal Property reporting is required to be in compliance with the following regulations. Table 1, *Personal Property Requirements*, lists the applicable regulations.

Regulation	Description
Department of Defense (DoD) Instruction 5000.64, <i>Defense Property Accountability</i> , August 2002	<ul style="list-style-type: none"> Establishes accountability policy for PP&E particularly for property in the possession of individual military units and end-users. Facilitates communication and promotes successful systems interfaces through the use of standardized technology.
Secretary of the Navy (SECNAV) Instruction 7320.10A, <i>Personal Property Policies and Procedures</i>	<ul style="list-style-type: none"> Establishes DoN policies and procedures for the custody, accounting and disposition of Personal Property.
Marine Corps Order (MCO) P10150.1, <i>Garrison Property Policy Manual</i>	<ul style="list-style-type: none"> Prescribes the policy and procedures governing the acquisition, management, and control of Personal Property (Garrison Property) used at Marine Corps bases, air stations, districts, and other independent commands.

Table 1: Personal Property Requirements.

3.0 CONCEPTS AND DEFINITIONS

This section provides an overview of the concepts and definitions relevant to the reporting of the Personal Property portion of the General PP&E line item on the Balance Sheet.

Definition: Personal Property, as a component of General PP&E, consists of those items used, but not consumed, to produce goods or services in support of the Marine Corps mission. Personal Property includes Military Equipment, Internal Use Software and General Equipment. Personal Property does not include inventory items, Operating Materials and Supplies (OM&S), Real Property or items of a historical nature.

- Military Equipment:** Includes the PP&E components of weapon systems and support PP&E that is owned by the DoD or its Component entities for use in the performance of military missions. Formerly known as “National Defense PP&E,” Military Equipment is now classified as General PP&E. The SOP for Military Equipment financial reporting is contained in Volume II, Section 8.C - Military Equipment, of the Consolidated Financial Management SOP Manual.
- Internal Use Software:** Includes software that is purchased from commercial vendors "off-the-shelf," internally developed, or contractor-developed solely to meet an entity's internal or



operational needs. Federal entities have a choice to purchase commercial "off-the-shelf" (COTS) software, hire contractors to develop substantially all of the desired software (contractor-developed), or develop software internally using their own employees, with or without a contractor's assistance (internally developed). The SOP for Internal Use Software financial reporting is contained in Volume II, Section 8.D - Internal Use Software, of the Consolidated Financial Management SOP Manual.

- **General Equipment:** Includes items that are non-deployable, COTS property. Hereafter, within this document, the term "Personal Property" will refer to the General Equipment category of Personal Property only. General Equipment includes Personal Property assets, such as office equipment, industrial plant equipment, material handling equipment.

Criteria: Personal Property assets must meet the following criteria:

- An acquisition cost equal to or greater than the DoD capitalization threshold of \$100,000
- A useful life of at least 2 years
- Not intended for sale in the ordinary course of operations
- Acquired with the intention of being used in an operational capacity

Assets that do not meet the \$100,000 capitalization threshold are expensed when received and are not depreciated. Table 2, *Non-Capitalized General Equipment*, presents the two categories for these assets.

Types of Assets	Value	Description/Category
Minor Property	\$5,000 - \$100,000	<ul style="list-style-type: none"> ▪ Accounted for within the OM&S portion of the Inventory and Related Property Line Item. ▪ Accountable and must be entered into DPAS.
Sub-Minor Property	<\$5,000	<ul style="list-style-type: none"> ▪ Accounted for within the OM&S portion of the Inventory and Related Property Line Item. ▪ Neither accountable nor reportable, unless it is deemed pilferable, critical to the mission, and hard to repair or replace.

Table 2: Non-Capitalized General Equipment.

Personal Property Lifecycle Business Events: The key business events for Personal Property lifecycle are: (1) acquisition, (2) utilization, accountability, and control and, (3) disposal. Acquisition involves any processes needed to obtain Personal Property and place it in a ready to use state. Utilization, accountability, and control of Personal Property assets involves tracking their location, condition and value. Disposal of Personal Property involves any processes needed to remove and dispose of Personal Property assets. Source documentation must be maintained during each of these lifecycle business events.



Table 3, *Personal Property Business Events*, summarizes the life cycle phases for Personal Property.

Business Event	Description
Acquisition	<ul style="list-style-type: none"> Acquisition is the process of obtaining use or control of Personal Property or an interest in Personal Property by purchase, transfer, lease, and reinvestment.
Utilization, Accountability, and Control	<ul style="list-style-type: none"> Utilization, Accountability, and Control are the processes to ensure that Personal Property is properly recorded, tracked, used, and secured in accordance with Marine Corps Regulations.
Disposal	<ul style="list-style-type: none"> Disposal is the process of identifying Personal Property for permanent removal from service that is not transferred to another entity for use and sent to the Defense Reutilization and Market Office (DRMO) for disposal.

Table 3: Personal Property Business Events.¹

4.0 PERSONAL PROPERTY RESPONSIBILITIES MATRIX

The Marine Corps Installation-level Base Property Control Office (BPCO), the Installation-level Comptroller/Resource Evaluation and Analysis (REA) function, the Installations & Logistics Department (I&L) Garrison Property Management Section (LFS-1), the Accounting and Financial Systems Branch (RFA), and the Defense Finance Accounting Service - Kansas City (DFAS-KC) have roles and responsibilities for the accounting and reporting of Personal Property. Table 4, *Personal Property Responsibilities Matrix*, presents the responsibilities for each organization involved in reporting Personal Property financial data.

Organization	Responsibilities
Base Property Control Office (BPCO)	<ul style="list-style-type: none"> Identify Personal Property assets. Maintain Personal Property source documents. Value Personal Property assets. Determine Personal Property asset depreciation. Dispose of Personal Property assets. Report Personal Property asset values.
Comptroller/Resource Evaluation and Analysis (REA) Function	<ul style="list-style-type: none"> Assure the validity and accuracy of Personal Property financial data recorded in the Defense Property Accountability System (DPAS). Assure Personal Property audit trail documentation.

Table 4: Personal Property Responsibilities Matrix.

¹ This Personal Property SOP discusses the high-level functions of Installations/Commands that need to occur for the financial management process of reporting Real Property portion of the General PP&E line item on the financial statements. Refer to the *Personal Property Process Flow Document* for a detailed description of business events processed at the Installation/Command level.



Organization	Responsibilities
Installations and Logistics Department (I&L), Garrison Property Management Section (LFS-1)	<ul style="list-style-type: none"> ▪ Provide Personal Property accounting and reporting policy. ▪ Perform Program Manager (PM) responsibilities for Personal Property. ▪ Collect Personal Property financial data. ▪ Maintain Personal Property source documentation. ▪ Analyze Personal Property financial data. ▪ Reconcile Personal Property financial data. ▪ Record Personal Property financial data.
Accounting and Financial Systems Branch (RFA)	<ul style="list-style-type: none"> ▪ Consolidate Personal Property financial data. ▪ Record consolidated General PP&E financial data. ▪ Prepare and validate Personal Property notes to the financial statements.
Defense Finance Accounting Service (DFAS)	<ul style="list-style-type: none"> ▪ Retrieve consolidated General PP&E financial data from DCI. ▪ Report consolidated General PP&E financial data.

Table 4: Personal Property Responsibilities Matrix (cont).

5.0 PERSONAL PROPERTY PROCESS

The Personal Property process details the flow of information, the executed steps, and the documentation generated to support the identification, valuation, monitoring, reporting, and validation of Personal Property from the Installation-level to HQMC, and ultimately onto the Marine Corps Financial Statements.

The process for reporting Personal Property financial information begins at the Installation-level. Each Installation has a Base Property Control Office (BPCO) that is responsible for identifying and categorizing Personal Property items. These offices are responsible for maintaining correct inventory levels as well as retaining source documentation. The BPCO must also ascertain accurate values for Personal Property items and determine the correct depreciation amount. Lastly, they are accountable for applying the correct procedures in the disposing of the property and reporting Personal Property financial data into the Defense Property Accountability System (DPAS). The Installation-level Comptroller/REA function assures the accuracy of the Personal Property financial data transactions and also implement and oversee Personal Property internal controls. With guidance from the I&L Facilities and Service Division, Garrison Property Management Section (LFS-1) and the Installation-level Comptroller/REA function, each installation prepares a Personal Property Capital Assets Report and submits it to the LFS-1. LFS-1 reviews and enters Personal Property financial data into the Data Collection Instrument (DCI). RFA consolidates Personal Property financial data into the General PP&E line item and enters it into the DCI. RFA is also responsible for preparing Personal Property notes to be included in the financial statements. DFAS retrieves the General PP&E financial data from the DCI and reports it into the Defense Departmental Reporting System - Audited Financial Statements (DDRS-AFS) to prepare the financial statements.



Figure 1, *Personal Property Summary Process*, provides a summary of the process for reporting the Personal Property portion of the General PP&E line item on the Balance Sheet. Detailed processes within this overall process are found in *Appendix E, Process Flows*.

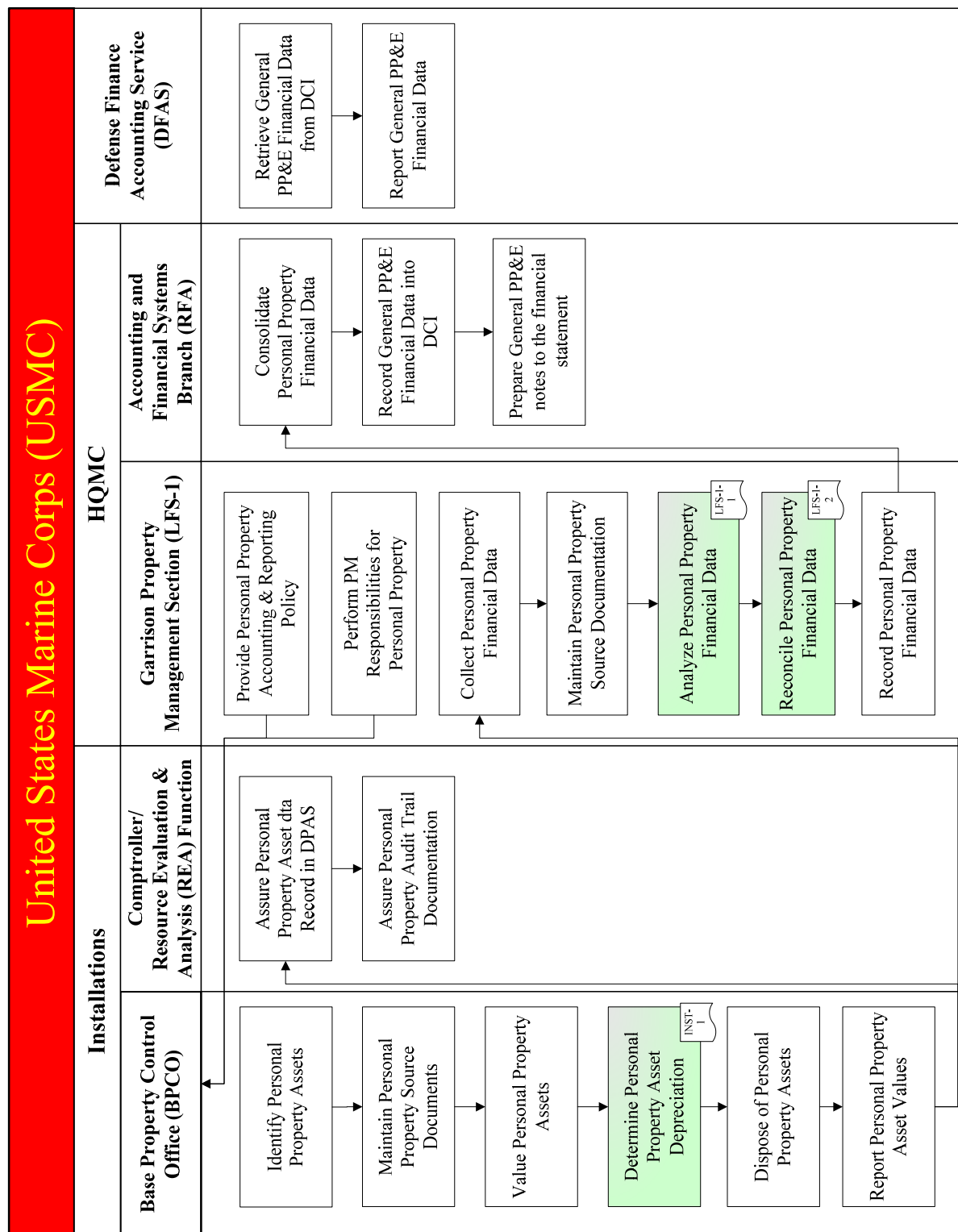


Figure 1: Personal Property Summary Process.

5.1 Base Property Control Office (BPCO)

Marine Corps Installations each have a Base Property Control Office(BPCO) that is responsible for (1) identifying Personal Property assets, (2) maintaining Personal Property source documents, (3) valuating Personal Property assets, (4) determining Personal Property depreciation, (5) disposing of Personal Property assets, and (6) reporting Personal Property estimates.

5.1.1 Identifying Personal Property Assets

Marine Corps Personal Property assets are identified based on the criteria set forth in the Section 3.0, *Concepts and Definitions*. This process begins when Personal Property assets, or the components of Personal Property to be assembled are acquired. Table 5, *Identifying Personal Property*, lists the steps used by the Installations to determine this information.

Step	Process	Description
1	Identify Personal Property	<ul style="list-style-type: none"> ▪ Categorize assets as Personal Property if the asset meets following criteria: <ul style="list-style-type: none"> - Acquired at a cost equal to or greater than the DoD capitalization threshold of \$100,000 - Has a useful life of at least 2 years - Intended for use in the ordinary course of operations, and not for sale - Acquired with the intention of being used in an operational capacity
2	Determine Class of Personal Property	<ul style="list-style-type: none"> ▪ Apply one of four Personal Property subcategories: <ul style="list-style-type: none"> - General Equipment. - Internal Use Software. - Military Equipment. - Other.

Table 5: Identifying Personal Property.

Every Installation has a BPCO that is responsible for identifying and categorizing Personal Property assets. Upon acquisition of Personal Property assets, a DD Form 250 - *Material Inspection and Receiving Report* (See Appendix F), must be completed and provided to the BPCO by the recipient of the asset. The BPCO uses the information on the DD Form 250 to enter Personal Property assets into the Defense Property Accountability System (DPAS) within 7 days of receipt. DPAS is the DoD system used to track and report Personal Property physical information and financial data. It has the capability to update item authorizations, catalog actions, process records, account for depreciation data, serial number tracking, component visibility, and automated document register. DPAS helps the Marine Corps assure the timely availability and reporting of Personal Property asset values. All Personal Property assets must be recorded in DPAS to be reported on the Marine Corps Financial Statements.



When Personal Property asset information is catalogued into DPAS, assets are identified by nomenclature number, stock number, and serial number then further differentiated by manufacturer and particular model. For example, the DPAS code for loaned or leased (LOLE) assets can be used to track assets that have been loaned or leased to the Marine Corps for use or assets that the Marine Corps has loaned or leased to other parties. Step-by-step instructions for data entry into DPAS can be found in the DPAS User Manuals, available on the Marine Corps Financial Improvement Initiative (FII) Portal.²

The following figures display some of the key screens used to enter Personal Property information into the accountability system. Figure 2, *Key Data* references the different types of actions performed by a DPAS user, such as New Procurement, Transfer In, and Reversal.

Figure 2: Key Data.

² DPAS Users Manuals are available on the FII Portal at <https://hqipom1.hqmc.usmc.mil/pls/htmlldb/f?p=108>.

Figures 3 and 4, *End Item Increase Page 1* and *End Item Increase Page 2* show the screens used to perform an end item increase and can be updated with Personal Property information such as LOLE code, bar code, serial number, and stock number.

End Item Increase

Key Data

Bar Cd: UIC: Doc Nbr: Name: Due In Qty:

Serial Nbr: Acq Cost: Mir Yr: Mir Key: Acq Dt: Est Dt: Qty:

Stock Nbr: Fund Cd/App: Authn Ct Nbr: Mir Serial Nbr: Asset Cd: Office: Loc: Sub Loc: Cont Cd: Exp Cd: Log/Le Cd:

Page 1 of 2 Related Data Next Page Save Cancel Exit

Figure 3: End Item Increase Page 1.

End Item Increase

Lot Nbr: Expr Dt: IPE Nbr: Sys Id: Site Cd: PBIC: Local Use: Sending DODAAC: UID: Task Cd: Job Order Nbr: Asset Sts Cd: Transfer Type Cd: Trading Partner Nbr: Oblign Doc Nbr: Contr/PO Nbr: SPIIN: CLIN: SLIN: ACRN: LOA: Ref File Name ... Pctr File Name ... Remarks: Page 2 of 2 Related Data Prev. Page Save Cancel Exit

Figure 4: End Item Increase Page 2.

5.1.2 Maintaining Personal Property Source Documents

Personal Property source documents, which include acquisition records, standard forms, disposal/retirement records, and other records used during the Personal Property lifecycle are maintained by the BPCO. Personal Property source documentation must provide Installations with an audit trail for all Personal Property financial data. Source documentation for Personal Property must have the following characteristics:

- Identify and classify Personal Property
- Include sufficient information indicating quantity, location and cost of Personal Property
- Identify and account for capitalized additions and improvements to Personal Property
- Provide the capability to detect theft or diversion of assets and improve the ability to determine the cause of asset variances for corrective action
- Enable periodic, independent verification of the accuracy of accountability records through periodic physical counts

Personal Property source documentation is maintained for the acquisition and disposal phases of the Personal Property life cycle. Table 6, *Personal Property Forms*, lists the Personal Property forms, the life cycle phase in which they are used and their purpose in facilitating the financial reporting of Personal Property.

Personal Property Form Summary		
Life Cycle Phase	Form	Purpose
Acquisition	DD Form 1155 - <i>Order for Supplies or Services</i>	<ul style="list-style-type: none"> ▪ Validates procurement and depreciation activation date.
Acquisition	DD Form 250 - <i>Material Inspection and Receiving Report</i>	<ul style="list-style-type: none"> ▪ Validates depreciation activation date for Personal Property.
Acquisition	Vendor Invoice	<ul style="list-style-type: none"> ▪ Validates acquisition costs for Personal Property.
Acquisition	DD Form 1149 - <i>Requisition and Invoice/Shipping Document</i>	<ul style="list-style-type: none"> ▪ Validates transfer of Personal Property.
Disposal	DD Form 1348-1A - <i>Issue Release/Receipt Document</i>	<ul style="list-style-type: none"> ▪ Validates disposal of Personal Property.
Disposal	DD Form 200 - <i>Financial Liability Investigation of Property Loss</i>	<ul style="list-style-type: none"> ▪ Documents the investigation of Damaged beyond repair, lost, or destroyed Personal Property resulting from vandalism or abuse.

Table 6: Personal Property Forms.

Marine Corps Installations are required to conduct a physical asset count of all Personal Property at least every three years.³ Physical asset counts are required to provide a comparison of all Personal Property

³ DoDFMR Volume 4, Chapter 6, *Property, Plant and Equipment*, Section 060107



records to physical assets to ensure all items are correctly valued and recorded in DPAS. This inventory also allows the BPCO to verify Personal Property information presented in source documentation. The BPCO is responsible for performing the following tasks in conducting the physical asset count:

- Physical accounting and research.
- Location survey/reconciliation.
- Quality control checks.
- Asset discrepancies report initiation, research and resolution.
- Investigation and assessment of financial liability for loss, damage, and destruction of Personal Property.
- Appropriate actions necessary to ensure that the physical property and the property accountability record quantity are in agreement.

5.1.3 Valuating Personal Property

The BPCO determines the reported values for Personal Property assets and reports recorded cost and deferred maintenance of Personal Property assets. The recorded cost of Personal Property assets is the basis for computing depreciation and may be different than the acquisition cost, book value or fair market value, since the recorded cost includes additional ancillary costs paid to bring the property to its form and location suitable for its intended use and are identifiable and material to the value of the asset. The cost for the deferred maintenance of Personal Property assets is reported on the financial statements, but is not used as a part of the calculation of depreciation.

5.1.3.1 Determining the Value of Personal Property Assets

The value of Personal Property assets should be based on the method in which the asset was acquired. One of the following valuation methods will be used to determine asset value upon acquisition or installation: (1) Acquisition Cost, (2) Net Book Value (NBV) or (3) Fair Market Value.⁴

- **Acquisition Cost** is the original purchase, assembly or development cost, less any purchase discounts. This valuation method is used to value personal property asset when the asset is purchased or acquired under a capital lease.
- **Net Book Value** is the determined recorded cost of a Personal Property Asset, less its accumulated depreciation. This valuation method is used when an asset is transferred or traded-in and the recorded cost has already been established.
- **Fair Market Value** is an unbiased, equitable cost, based on the cost of a similar asset, or the price that an impartial buyer would be willing to pay for the asset or a similar asset. This valuation method is used when an asset is donated, exchanged or seized.

⁴ DoD FMR Volume 4, Chapter 6, *Property, Plant and Equipment*, Section 060202.

Table 7, *Personal Property Valuation Methodology*, lists the valuation methods used by Installations to value Personal Property assets, based on how the property was acquired.

No.	Valuation Method	Type of Acquisition
1	Acquisition Cost	<ul style="list-style-type: none"> ▪ <u>Purchased Personal Property</u>: Personal Property purchased from third party (private, commercial or government) by cash, check, installment or progress payments on contracts, or capital lease. ▪ <u>Capital Lease</u>: Personal Property acquired under a capital lease is valued at the liability of the capital lease at its inception, plus any consideration given.
2	Net Book Value	<ul style="list-style-type: none"> ▪ <u>Transferred Personal Property</u>: Personal Property transferred from another DoD Component or Federal agency is recorded as the transferring entity's book value less accumulated depreciation. If the receiving DoD Component cannot reasonably ascertain those amounts, the fair market value at the time of transfer is recorded. ▪ <u>Personal Property Acquired by Trade-In</u>: Personal Property acquired when trading in another Personal Property asset is equal to the sum of the book value of the asset traded, plus any cash paid or liabilities assumed for the new asset.
3	Fair Market Value	<ul style="list-style-type: none"> ▪ <u>Donated Personal Property</u>: Personal Property acquired through donation, execution of a will or judicial process, excluding forfeiture, at the time the asset is acquired. ▪ <u>Exchanged Personal Property</u>: Personal Property acquired through exchange between the DoD and a nonfederal entity is valued at the fair value of the Personal Property surrendered at the time of the exchange, subject to evaluation.⁵ ▪ <u>Seized and Forfeited Personal Property</u>: Personal Property acquired through seizure or forfeiture shall be its fair market value, less any liens or claims from a third party.

Table 7: Personal Property Valuation Methodology.

5.1.3.2 Determining the Recorded Cost of Personal Property Assets

Once the Personal Property acquisition value has been determined, using the proper valuation methodology, the recorded cost of the Personal Property asset can be determined. The recorded cost includes the amount(s) paid to bring the property to form and location suitable for its intended use and are identifiable and material to the value of the asset. In addition to the amount paid to the vendor, additional ancillary costs that are identifiable shall be included in the recorded cost. Examples of ancillary costs include the following:

- Transportation charges to the point of initial use.
- Handling and storage costs.
- Labor and other direct or indirect production costs (for assets produced or assembled).

⁵ DoDFMR Volume 4, Chapter 6, Section 060202(C)(4)



- Engineering, architectural and other outside services for designs, plans, specifications, and surveys.
- Acquisition and preparation costs of buildings and other facilities.
- An appropriate share of the cost of the equipment and facilities used in assembly work.
- Fixed equipment and related installation costs required for activities in a building or facility.
- Legal and recording fees and damage claims.
- Fair value of facilities and equipment donated to the Department.
- Interest paid (not including late payment interest penalties).

5.1.3.3 Determining the Deferred Maintenance Cost of Personal Property Assets

Deferred Maintenance is a component of Personal Property costs that Installations must also report. In addition to reporting the value of Personal Property assets, Installations must report material amounts of deferred maintenance on Personal Property. Deferred maintenance is maintenance that was not performed when it should have been (or was scheduled to be) and therefore is delayed to a future period. Maintenance includes preventive maintenance, normal repairs, replacement of parts and structural components and other activities needed to preserve the asset so that it continues to provide acceptable service and achieves its expected life. Maintenance excludes activities aimed at expanding the capacity or capability of an asset or otherwise upgrading it to serve needs different from, or significantly greater than, those originally intended.

Deferred maintenance must be reported in the annual financial statements for Personal Property assets⁶. Deferred maintenance information, if not available or not applicable, may be replaced by a brief statement indicating that the DoD Component does not have any material deferred maintenance to report.

5.1.4 Depreciating Personal Property

The DoD's policy requires the use of the straight-line method of depreciation for Personal Property assets.⁷ In straight-line depreciation it is assumed that an asset will lose an equal amount of its value each year of its estimated useful life. The depreciation of Personal Property assets depends upon the recorded cost of the asset, the depreciation start date, the asset's salvage value, and the asset's useful life or recovery period. The steps for arriving at the depreciation cost are (1) Determining the depreciation start date, (2) determining the depreciable basis and (3) calculating the depreciation.

⁶ SFFAS No. 6, *Accounting for Property, Plant and Equipment* and SFFAS No.14, *Amendments to Deferred Maintenance Reporting*.

⁷ DoDFMR Volume 4, Chapter 6, *Property, Plant and Equipment*, Section 060206.



5.1.4.1 Determining the Depreciation Start Date

Depreciation of Personal Property assets begins when the asset is installed, available, and ready for use as indicated by the supporting documentation. The start date of depreciation is based on either (1) the Month Available for Service Method or (2) the Mid-Year Convention Method. These methods are described below in Table 8, *Determining the Depreciation Start Date Methods*.

No.	Method	Description
1	Month Available for Service Method	<ul style="list-style-type: none"> Uses the month the asset was available for use, regardless of whether it was actually used, as the month used to begin the calculation of depreciation expense for the first year.
2	Mid-Year Convention Method	<ul style="list-style-type: none"> Computes and expenses six months of depreciation in the first and last year of an asset's useful life, regardless of the actual month the asset was placed in, or removed from, service.

Table 8: Determining the Depreciation Start Date Methods.

5.1.4.2 Determining the Depreciable Basis

At the start of the depreciation period, the depreciable basis of the asset is calculated. The depreciable basis of a Personal Property asset is the recorded cost reduced by the asset's salvage value, if such salvage value exceeds ten percent (10%) of the asset's cost. If the salvage value is ten percent (10%) or less of the asset's cost, the salvage value is not considered material for purposes of calculating depreciation, and therefore should not be considered when determining the depreciable basis. Once the depreciable basis has been determined, depreciation can be calculated. Table 9, *Determining the Depreciable Basis*, presents the criteria used to determine the depreciable basis.

No.	Condition	Depreciable Basis Calculation
1	Salvage value > 10% of the Asset Value	<ul style="list-style-type: none"> Asset Value minus Salvage Value
2	Salvage value ≤ 10% of the Asset Value	<ul style="list-style-type: none"> Asset Value

Table 9: Determining the Depreciable Basis.

5.1.4.3 Calculating Depreciation

After the depreciable basis is determined, the useful life of the asset must be calculated. The useful life is the length of time that a depreciable asset is expected to be used by the Marine Corps. Table 10, *Personal Property Useful Life*, defines the useful life for different types of Personal Property.⁸

Useful Life	Personal Property Assets
5 years*	<ul style="list-style-type: none"> General Purpose Vehicles (Includes Heavy Duty Trucks and Buses); Automated Data Processing (ADP) Systems and Hardware (Computers and Peripherals); High Tech Medical Equipment; Equipment used in Research, Development, Test and Evaluation (RDT&E); Radio and Television Broadcasting Equipment; and Software. Improvements to 5-Year Recovery Period Property (Personal Property).
10 years	<ul style="list-style-type: none"> All Other Equipment, Machinery and Software. Improvements to 20-Year Recovery Period Property.
20 years	<ul style="list-style-type: none"> Vessels, Tugs, Barges and Similar Water Transportation Equipment (Non-ME Personal Property vessels/ships). Steam (12.5K pounds per hour or more) and Electric Generation Equipment (500 Kilowatt or more), Sewers and Other Utilities (including such items as fiber optic cable). Improvements to 40-Year Recovery Period Property.

Table 10: Personal Property Useful Life.

* **Note:** A useful life (recovery period) of less than 5 years is permitted when the acquiring DoD Component is certain that the useful life of an asset is at least 2 years but less than 5 years. In such circumstances, the recovery period shall be the known useful life (2-4 years, as appropriate).

Straight-line depreciation is calculated by dividing the depreciable basis by the useful life. The resulting figure will be the yearly depreciation for the asset, which is added to the accumulated depreciation account for the asset every year until the end of its useful life. The accumulated depreciation account is the contra-account for the asset on the balance sheet. As the accumulated depreciation account increases, the asset value account decreases until the asset value is reduced to zero, at the end of its useful life.

⁸ DoD FMR, Volume 4, Chapter 6, *Property, Plant and Equipment*, Section 060206



Figure 5, *Determine Personal Property Depreciation*, illustrates the Installations Personal Property asset depreciation process.

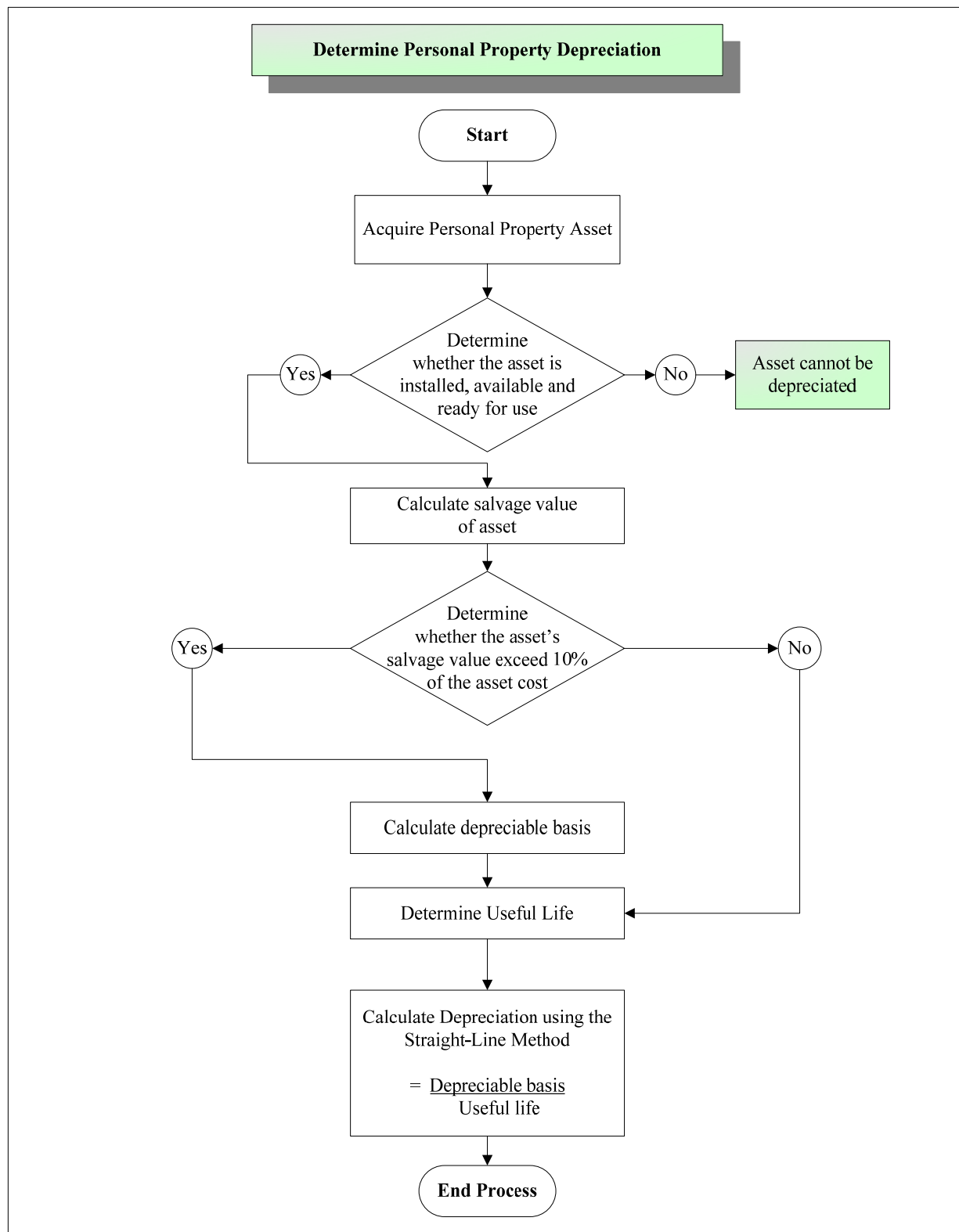


Figure 5: Determine Personal Property Depreciation.

5.1.5 Disposing of Personal Property

Once a Personal Property asset is completely depreciated it may continue to be used by the Marine Corps in excess of its stated useful life or the asset will be traded, salvaged or disposed/retired. Assets that are used in excess of their useful life shall be retained in DPAS, as well as the accounting records, and reflect both recorded cost and accumulated depreciation until disposition of the asset.

Personal Property assets identified for permanent removal from service (disposal) must be removed from DPAS. The Personal Property asset is transferred to the Defense Reutilization and Market Office (DRMO) for disposal. The form used to document disposal will vary based on the asset condition at the time of disposal. If a Personal Property asset is obsolete, unfit for performance, or unserviceable as a result of normal use, form DD 1348-1A is used to document its disposal. If the asset is damaged beyond repair, lost, or destroyed as a result of vandalism or abuse, form DD 200 is used to document the disposal. Table 11, *Disposal Forms*, lists the forms and the corresponding asset conditions.

Form	Asset Condition
DD 1348-1A	<ul style="list-style-type: none"> Obsolete, unfit for performance, or unserviceable Personal Property Resulting from normal use.
DD 200	<ul style="list-style-type: none"> Damaged beyond repair, lost, or destroyed Personal Property resulting from vandalism or abuse.

Table 11: Disposal Forms.

5.1.6 Reporting Personal Property Estimates

The BPCO enters the recorded cost and all supporting information for Personal Property assets into DPAS. The BPCO is required to send a Capital Asset Report to LFS- within fifteen days after the end of the Fiscal Year quarter. The Capital Asset Report generated by DPAS lists each Installation's capitalized assets and provides supporting information for each asset record, including the following:

- Nomenclature (ex., Firefighting Truck, Flatbed Truck, etc.)
- Asset Serial Number
- Effective Date (YYYYMMDD format)
- Active Date (YYMM format)
- Total Cost
- Accumulated Depreciation
- Present Book Value



An example of the Capital Assets Report that is sent from the Installations to the LFS-1 is provided below in Figure 6, *DPAS Capital Assets Report*.

REPORT: DPTD051R			DEFENSE PROPERTY ACCOUNTABILITY SYSTEM				DATE: 20021231 TIME: 14:20 PAGE: 1					
			CAPITAL ASSETS REPORT									
ACTBL UIC:		N00011 - DON										
UIC:		N00011 - DON										
ACTIVITY CD: DON FUND CD: 99 APPN A LOT SN: 00011												
		OFFICE		DPR OFFICE		A						
DOC NBR	BAR	STK NBR	TASK CD	DPR TASK CD	ASSET	C	DPR	OBJ	CPTL	ACTN	ACTV	EFF
ACCT RPT NBR	CD	SER NBR	JOB ORD NBR	DPR JOB ORD NBR	CD	C	CD	CLS CD	CD	CD	DT	DT
N0001122022224	0001100042	242000X781233 (C)	N41	N41	K	T	T	6199		1	0212	20021213
DO200212130002		012164544	N00011	N00011								
			000112259	124508597412357								
NOMEN:		TOT CST:		\$99,000.00		ACCUM DEPRN:		\$0.00				
TRACTOR WHLD												
AGR												
PRES BK VLU:		\$99,000.00										
N0001102259000	0001100046	4210010254976	N41		K	P	T	6199		1		20021218
DO200212180001		8256489535KL26	N00011									
			0001102									
NOMEN: TRUCK		TOT CST:		\$225,000.00		ACCUM DEPRN:		\$0.00				
FIRE FIGHTING												
PRES BK VLU:		\$225,000.00										

Figure 6: DPAS Capital Assets Report.

5.2 Comptroller/Resource Evaluation and Analysis (REA) Function

The Installation-level Comptroller/REA function is responsible for implementing and overseeing Personal Property internal controls. These internal controls are illustrated in the following processes: (1) assuring the validity and accuracy of Personal Property financial data and (2) assuring proper audit trail documentation of Personal Property financial data.

5.2.1 Assuring The Validity and Accuracy of Personal Property Financial Data

The Comptroller/REA function is responsible for assuring that the Personal Property asset values entered into DPAS have been derived based on the guidance provided by LFS-1, Marine Corps, Navy, DoD and Statements of Federal Financial Accounting Standards (SFFAS). The Comptroller/REA function reaches this assurance first, by verifying the use of the appropriate valuation methodologies. Any deviation from the stated Personal Property valuation methodology rules must be explained and properly documented. The Comptroller/REA function then verifies that a supervisory review of Personal Property asset values has occurred and has been properly documented.



Table 12, *Assuring the Validity and Accuracy of Personal Property Financial Data*, provides a summary of the Comptroller/REA function processes in assuring Personal Property values entered into DPAS.

No.	Step	Description
1	Verify Appropriate Valuation Method	<ul style="list-style-type: none"> Value Personal Property using the acquisition cost method, net book value method, or fair market value method. Document any deviation from the preferred method, including an explanation for the deviation.
2	Verify Supervisory Review	<ul style="list-style-type: none"> Review to ensure proper collecting, analyzing, reconciling, and reporting of Personal Property. Review all source documents submitted with reported Personal Property balances. Document the review in writing, with the supervisor's written agreement that the source documents provided support the reported Personal Property balances.

Table 12: Assuring the Validity and Accuracy of Personal Property Financial Data.

5.2.2 Assuring Personal Property Audit Trail Documentation

The Comptroller/REA function assures the proper documentation of the Personal Property audit trail. The retention of the proper source documentation ensures that Personal Property asset values can be traced back to the transaction level. Table 13, *Assuring Personal Property Audit Trail Documentation*, provides an overview of the process.

No.	Step	Description
1	Verify Proper Documentation Collected	<ul style="list-style-type: none"> Collect documentation to support reported Personal Property balances. <ul style="list-style-type: none"> Appropriate source documents could include Command level Personal Property asset reports or general ledger transaction reports. File source documents with reported balances.
2	Verify Audit Trail is Established	<ul style="list-style-type: none"> Verify that the reported Personal Property balances should be traceable back to the transaction level through source documentation.

Table 13: Assuring Personal Property Audit Trail Documentation.



5.3 Garrison Property Management Section (LFS-1)

The Garrison Property Management Section (LFS-1) of the Installations and Logistics Department (I&L) acts as the Program Manager (PM) for Marine Corps Personal Property at the Headquarters level. LFS-1 is responsible for (1) providing Personal Property accounting and reporting policy, (2) performing PM responsibilities for Personal Property, (3) collecting Personal Property financial data, (4) maintaining Personal Property source documentation, (5) analyzing Personal Property financial data in DPAS (6) reconciling Personal Property financial data and (7) recording Personal Property financial data into the DCI.

5.3.1 Providing Personal Property Accounting and Reporting Policy

LFS-1 is responsible for providing policy and guidance to property managers at the Installation-level for the proper accounting for and reporting of Personal Property financial data. LFS-1 provides this by ensuring that updated MCOs, SECNAV Instructions, DoD Directives and other authoritative guidance related to Personal Property are followed by Installations. LFS-1 also provides assistance to the Installations on relating Personal Property transactions to standard general ledger accounts and the financial statement impact of those transactions.

LFS-1 also provides Personal Property management training to the Installations. LFS-1 develops functional user training for processing Personal Property transactions. Training materials and topics are developed based on feedback provided by the Installation property managers.

5.3.2 Performing Program Manager (PM) Responsibilities for Personal Property Financial Management Systems

LFS-1 is responsible for the overall program management of Personal Property for the Marine Corps. LFS-1 monitors and oversees Installation-level management of Personal Property. LFS-1 provides policy and guidance to property managers at the Installation-level. LFS-1 also analyzes and reconciles reported Personal Property financial data before recording the data into the DCI.

LFS-1 ensures the proper input of Personal Property data into DPAS by granting DPAS access only after the potential end-user has completed the required training. The DPAS trainee forwards a SAAR 2875 form to LFS-1, signaling that they have completed their training. LFS-1 then authorizes the end-user's access and forwards the SAAR 2875 to the DPAS administrator for user processing.

5.3.3 Collecting Personal Property Financial Data

The LFS-1 collects quarterly Personal Property financial data from Installations via the Capital Assets Report. LFS-1 consolidates the Personal Property financial data from the Capital Assets Reports into the Roll Forward Report. The Roll Forward Report is an MS Excel spreadsheet that shows the combined values of all Marine Corps Personal Property assets and depreciation reported by the Installations on the Capital Assets Reports. The report shows the beginning balance of gross asset values and depreciation, all of the reporting period's adjustments to those balances, and the ending balance. The Roll Forward Report provides LFS-1 with a summary view of the financial data received from the Installations in the Capital Assets Reports. Figure 7, *Roll Forward Report*, on the following page, provides an example of the Roll Forward Report created by LFS-1.



PP&E DEC 1ST QTR FY04 - SUMMARY ROLLFORWARD													
A	B	C	D	E	F	G	H	I	J	K	L	M	N
	Beginning Balance (Capital Asset) 12/31/03	Acquisition	Transfer In	Gifts	Transfer Out	Disposal	Depreciation	Revaluation	Reclassification	Reclassification	Capital Asset Transfer	Ending Balance (Capital Asset) 1/31/04	Balance
SUMMARY													
Major Asset Classes - Group Asset Values													
a. ADP Software	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
b. Equipment	\$1,451,411.36	\$6,081,186.24	\$1,491,728.60	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$8,114,326.10	\$8,114,326.10
c. Assets Under Capital Lease	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
d. Other	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
e. Total	\$1,451,411.36	\$6,081,186.24	\$1,491,728.60	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$8,114,326.10	\$8,114,326.10
Major Asset Classes - Depreciation													
a. ADP Software	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
b. Equipment	\$1,182,000.00	\$1,059,427.00	\$1,882,447.40	\$1,107,661.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$5,231,535.40	\$5,231,535.40
c. Assets Under Capital Lease	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
d. Other	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
e. Total	\$1,182,000.00	\$1,059,427.00	\$1,882,447.40	\$1,107,661.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$5,231,535.40	\$5,231,535.40
Reclassification of Inventory													
Sum of...													

Figure 7: Roll Forward Report.

5.3.4 Maintaining Personal Property Source Documentation

LFS-1 maintains high-level source documentation for Personal Property asset acquisition and disposal for their reconciliation of Personal Property balances. The BPCO forwards the DD-250, Material Inspection and Receiving Report to LFS-1 when Personal Property is acquired by the Installation. This form documents property being added to the Installations inventory and serves as supplementary source documentation for depreciation. The DD-1348-1A, Issue Release/Receipt Document is forwarded to LFS-1 when Personal Property is disposed of by the Installation. These two forms are the only source documents requested by LFS-1 from Installations. Table 14, *Personal Property Acquisition and Disposal Source Documentation*, presents the forms used to document the acquisition and disposal of Personal Property.

No.	Source Document	Description
1	DD-250, Material Inspection and Receiving Report	<ul style="list-style-type: none"> LFS-1 retains this form to use when reconciling Personal Property acquisitions with the balances recorded in DPAS. This report serves as supplemental depreciation source documentation.
2	DD-1348-1A, Issue Release/Receipt Document	<ul style="list-style-type: none"> LFS-1 retains this form to use when reconciling Personal Property disposals with the balances recorded in DPAS.

Table 14: Personal Property Acquisition and Disposal Source Documentation.

5.3.5 Analyzing Personal Property

LFS-1 uses the quarterly Capital Assets Reports to analyze Personal Property financial data for any variances in the Installation recording of information into DPAS. The financial data in the Capital Assets Report is compared with three Personal Property reports generated by DPAS: The CFO Report, the Depreciation Report and the Capital Trial Balance Report. Each of these reports focuses on a different aspect of Personal Property financial reporting. The CFO Report is used to analyze the gross asset values transferred into and out of the Marine Corps for the reporting period. LFS-1 uses the Depreciation Report to analyze the depreciation of Personal Property at Installations for the reporting period. The Capital Asset Trial Balance Report is used by LFS-1 to analyze Marine Corps Personal Property as it is presented on the general ledger. They are all compared with the Capital Assets Report to ensure consistent reporting of Personal Property balances by the Installations. Table 15, *DPAS Personal Property Reports*, describes the various reports used by LFS-1 to analyze Personal Property financial data reported by Installations.

Report	Description
CFO Report	<ul style="list-style-type: none"> Presents the gross asset values transferred into and out of the Marine Corps for the reporting period.
Depreciation Report	<ul style="list-style-type: none"> Presents the depreciation of Personal Property for the reporting period.
Capital Asset Trial Balance Report	<ul style="list-style-type: none"> Presents Marine Corps Personal Property financial data broken out by General Ledger account.

Table 15: DPAS Personal Property Reports.



Differences in Personal Property reported balances are investigated by LFS-1. Installations are contacted and requested to provide a documented explanation for the reporting variance. The Installation may be required to resubmit a Capital Assets Report. Explanations of reporting variances and updates to the Capital Assets Reports and Roll Forward Report are documented by LFS-1. Table 16, *Analyzing Personal Property Financial Data*, shown below provides a detailed description of the process.

Step	Process	Description
1	Review Capital Assets Reports	<ul style="list-style-type: none"> ▪ Verify current period balances against previous period's report. ▪ Review variance explanations provided by Installations.
2	Follow-up with Capital Assets Report	<ul style="list-style-type: none"> ▪ Review further explanations returned from POCs via telephone and e-mail.
3	Receive Installation POC Responses	<ul style="list-style-type: none"> ▪ File e-mail explanations electronically with the updated Roll Forward Report for future reference. ▪ File the original version of a Capital Assets Report if it is resubmitted in an electronic format. <ul style="list-style-type: none"> - Prior versions of a resubmitted report should document the reason for the rejection and the corrective action requested.

Table 16: Analyzing Personal Property Financial Data.

Figure 8, *Analyze Personal Property Financial Data*, provides a graphical depiction of the LFS-1 process for analyzing Personal Property financial data.

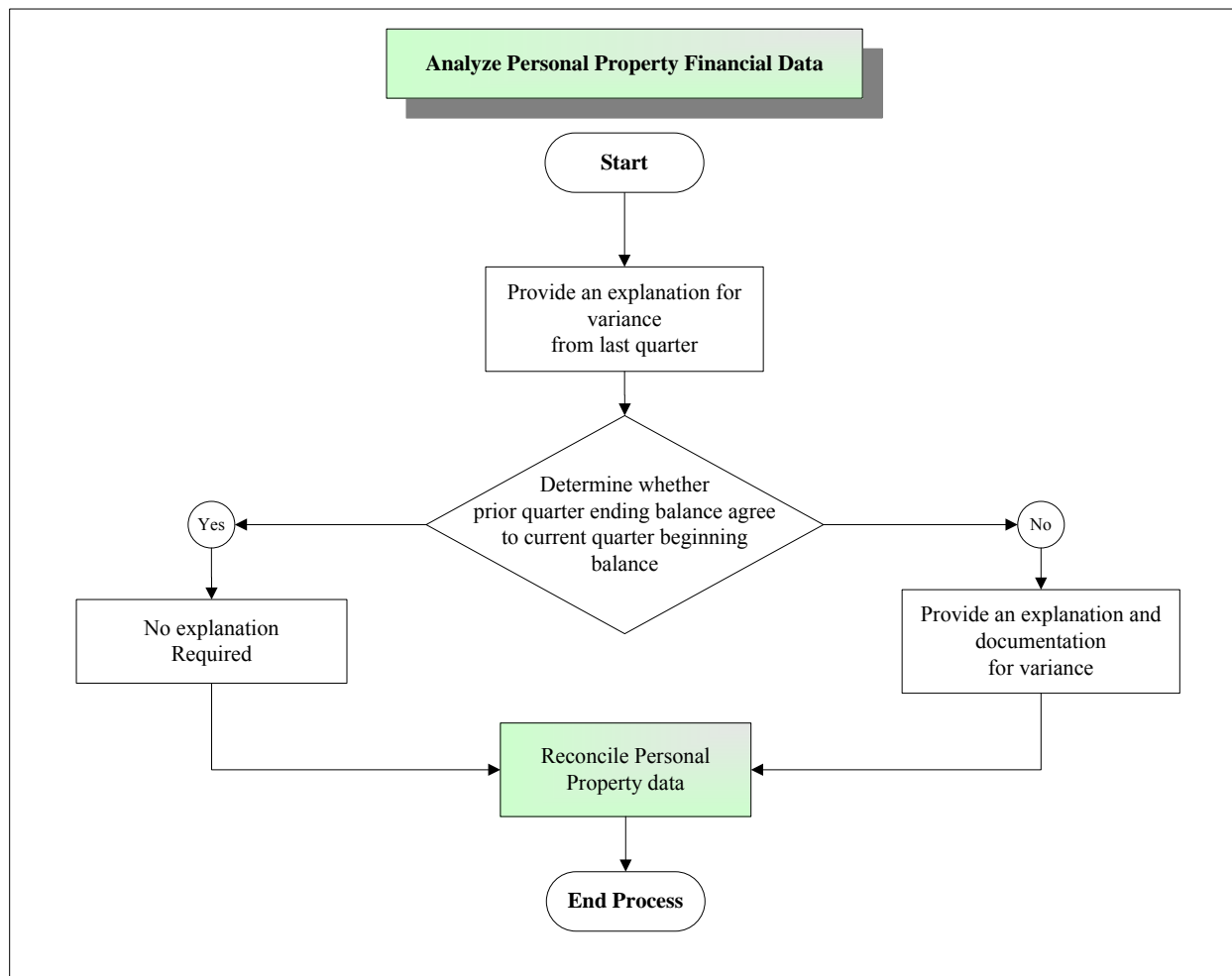


Figure 8: Analyze Personal Property Financial Data.

5.3.6 Reconciling Personal Property Financial Data

Once the Capital Assets Reports are analyzed by the LFS-1 for consistent balance reporting, the inventory balances can be reconciled by the LFS-1. The Defense Finance and Accounting Service (DFAS) *Guide to Federal Requirements for Financial Management Systems* (Chapter 14, “Audit Trails and System Controls”) states:

“All transactions, including computer-generated computations, must be traceable to individual source records. Adequate audit trails allow tracing from source documents of financial events to general ledger account balances through successive levels of summarization of financial reports/statements.”

Personal Property balances reported by the Installations must be supported with source documents. Reconciling Capital Assets Report balances with source documentation provides a solid foundation for the resulting Financial Statement Personal Property entry and accompanying notes to financial statements. Personal Property source documentation should provide enough information to support the balance

reported on the Capital Assets Report. The LFS-1 performs their reconciliation by (1) reconciling Personal Property financial data with source documentation and (2) reconciling the Quality and Assurance (Q&A) Report.

5.3.6.1 Reconciling Personal Property Financial Data With Source Documentation

LFS-1 reconciles Personal Property financial data, on a monthly basis, by comparing the Capital Assets Reports with the acquisition and disposal source documentation provided by the Installations. LFS-1 reviews this documentation for explanation of the accounting method that was used and to ensure that the source documentation supports the balance reported on the Capital Assets Report. If there are any discrepancies between the data presented in the Capital Assets Report and the source documentation, the Installation is contacted for an explanation. The Installation may have to submit a corrected Capital Assets Report to LFS-1 or provide the proper source documentation to support their Capital Assets Report. Table 17, *Reconciling Personal Property Inventory*, shown below, describes the source documentation used during the reconciliation process.

No.	Step	Description
1	Review Accounting Method Applied	<ul style="list-style-type: none"> Include a brief explanation of the accounting method used in the source documentation. Explain any deviation from the accepted acquisition, valuation or depreciation method in as much detail as possible.
2	Review Source Documentation	<ul style="list-style-type: none"> Provide enough information in the source documents to support the balance reported on the Capital Assets Report. <ul style="list-style-type: none"> Examples of appropriate source documentation include contracts, invoices, acquisition documents, and production contracts.

Table17: Reconciling Personal Property Inventory.

5.3.6.2 Reconciling the Q&A Reports

After Personal Property financial data is reconciled, a supervisor should review the Personal Property support files for proper reconciliation, proper documentation, and potential open issues. This is necessary to validate the analysis and reconciliation process before any reporting occurs. Before final approval, all open issues should be resolved or documented electronically with the reason for the open issue and the expected closing date. Once supervisory approval is obtained, Personal Property entries can be recorded into the DCI.

LFS-1 creates the Quality and Assurance (Q&A) Report on a monthly basis. The Q&A Report is a DPAS performance metrics report that indicates the frequency of data entry errors. The Q&A Report is used by LFS-1 to measure the reliability of Personal Property data that is entered into DPAS. Errors that appear in the Q&A Report are addressed by LFS-1 to the Installations directly or in future training provided to the Installations.

Figure 9, *Reconcile Personal Property Inventory*, provides a graphical depiction of the LFS-1 process.

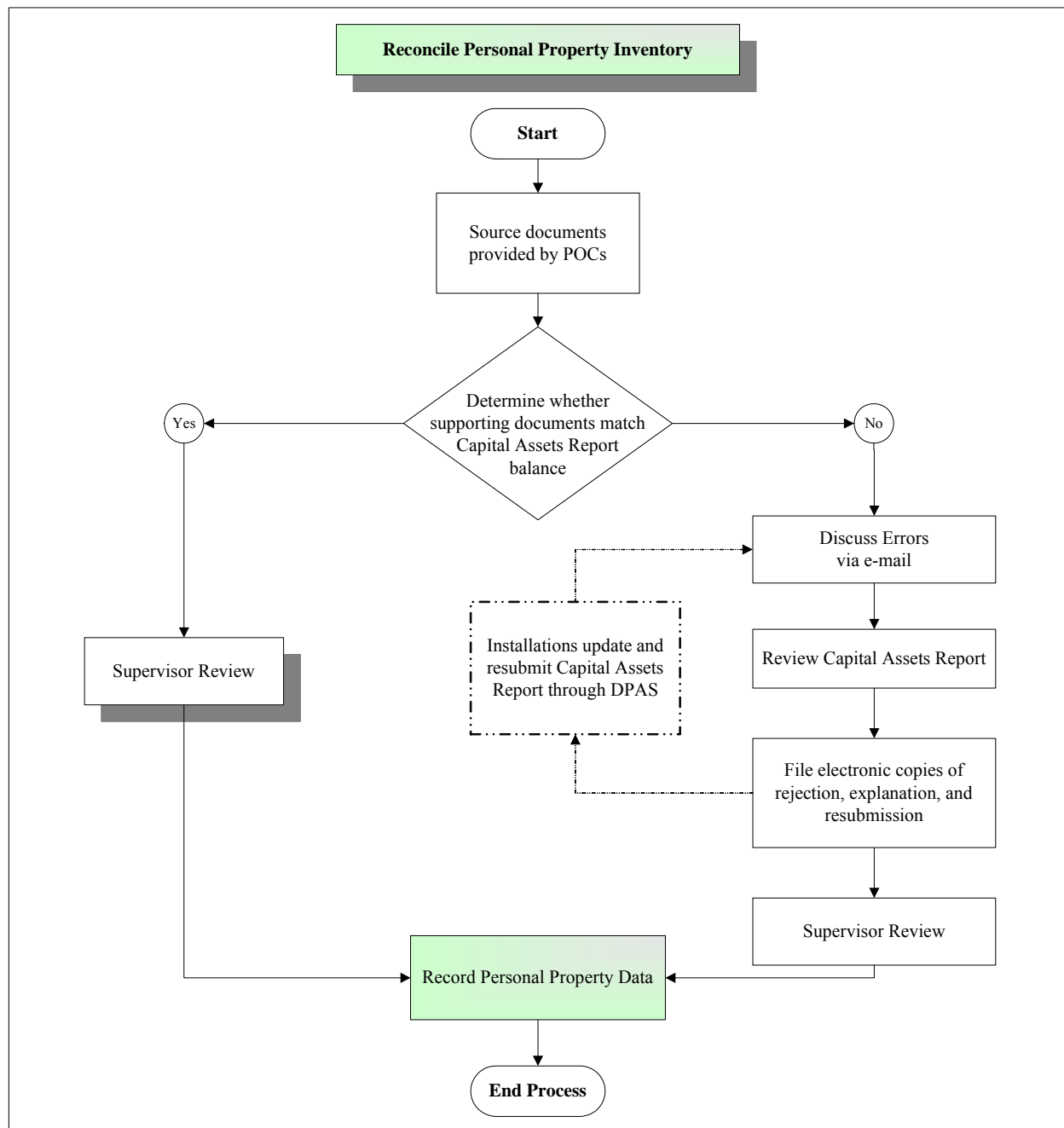


Figure 9: Reconcile Personal Property Inventory.

5.3.6 Recording Personal Property Financial Data

After reconciling the Personal Property information from DPAS, LFS-1 records Personal Property financial data into the DCI at the end of each Fiscal Year quarter. The DCI stores the Personal Property financial data, for retrieval by RFA, to be included onto the financial statements. Table 18, *Reporting Personal Property*, details the required steps for reporting Personal Property financial data through the DCI.

Step	Activity
1	Log into DCI using the appropriate logon and password.
2	Locate the Personal Property form by clicking on the “Form” drop down menu, and selecting “Personal Property”.
3	Locate the entry section for personal property inventory by scrolling down the Personal Property form.
4	The “Beginning Balance” account is automatically generated and cannot be changed.
5	Locate the “Acquisitions” account and enter the dollar amount of the activity for the period. If the account has no dollar activity for the period, enter zero.
6	Locate the “Transfers In” account and enter the dollar amount of the activity for the period. If the account has no dollar activity for the period, enter zero.
7	Locate the “Sales” account and enter the dollar amount of the activity for the period. If the account has no dollar activity for the period, enter zero.
8	Locate the “Disposals” account and enter the dollar amount of the activity for the period. If the account has no dollar activity for the period, enter zero.
9	Locate the “Transfers Out” account and enter the dollar amount of the activity for the period. If the account has no dollar activity for the period, enter zero.
10	Locate the “Revaluation” account and enter the dollar amount of the activity for the period. If the account has no dollar activity for the period, enter zero.
11	Locate the “Prior Period Adjustments” account and enter the dollar amount of the activity for the period. If the account has no dollar activity for the period, enter zero.
12	Locate the entry section for personal property depreciation by scrolling down the Personal Property form.
13	The “Beginning Balance - Depreciation” account is automatically generated and cannot be changed.
14	Locate the “Current Period Depreciation Expense” account and enter the dollar amount of the activity for the period. If the account has no dollar activity for the period, enter zero.
15	Locate the “Reductions to Accumulated Depreciation” account and enter the dollar amount of the activity for the period. If the account has no dollar activity for the period, enter zero.

Table 18: Recording Personal Property.



Step	Activity
16	<ul style="list-style-type: none"> Locate the “Revaluation - Depreciation” account and enter the dollar amount of the activity for the period. If the account has no dollar activity for the period, enter zero.
17	<ul style="list-style-type: none"> Locate the “Prior Period Adjustments - Depreciation” account and enter the dollar amount of the activity for the period. If the account has no dollar activity for the period, enter zero.
18	<ul style="list-style-type: none"> Based on the dollar amounts entered into the “Acquisitions”, “Transfers In”, “Sales”, “Disposals”, “Transfers Out”, “Revaluation”, “Prior Period Adjustments”, “Current Period Depreciation Expense”, “Reductions to Accumulated Depreciation”, “Revaluation - Depreciation”, and Prior Period Adjustments - Depreciation” accounts, the Personal Property form will compute the actual ending balance for the period being reported.
19	<ul style="list-style-type: none"> Forward submitted data to Command Administrator for review by clicking the “Send to Command Admin” button on form.

Table 18: Recording Personal Property (cont).

Figure 10, *DCI Screenshot*, shown below, provides a screen capture of the DCI screen.

The screenshot displays the Department of the Navy DCI web application in Microsoft Internet Explorer. The address bar shows the URL: <https://www.fmosystems.navy.mil/dci/dataform/index.cfm>. The page is titled "Department of the Navy DCI - Microsoft Internet Explorer provided by HQMC".

On the left sidebar, there are links for "Leases" and "Leases" (with a sub-link "Leases"). The main content area is divided into three sections:

A. Major Asset Classes - Gross Asset Values

	Beginning Balance	Acquisitions	Transfers In	Sales	Disposals	Tre
a. Software	0.00	0.00	0.00	0.00	0.00	0.00
b. Equipment	178,515,311.27	9,031,722.66	1,440,028.73	0.00	3,082,939.99	1,38
c. Other	0.00	0.00	0.00	0.00	0.00	0.00
d. Total	178,515,311.27	9,031,722.66	1,440,028.73	0.00	3,082,939.99	1,38

B. Major Asset Classes - Depreciation

	Beginning Balance	Current Period Depr. Exp.	Reductions to Accum. Dep.
a. Software	0.00	0.00	0.00
b. Equipment	126,025,593.47	8,746,300.69	3,382,430.37
c. Other	0.00	0.00	0.00
d. Total	126,025,593.47	8,746,300.69	3,382,430.37

C. Trading Partner Information for Transfers In/Transfers Out Transfers within the Department of Navy

On the right side of the page, there is a section for "USSGL Account No." with a list of accounts: 1830, 1832, 1750, 1830, and N/A.

Figure 10: DCI Screenshot.

5.4 Accounting and Financial Systems Branch (RFA)

The Accounting and Financial Systems Branch (RFA) is responsible for (1) Consolidating Personal Property financial data with General PP&E financial data, (2) recording consolidated General PP&E financial data into the DCI and (3) preparing the Personal Property notes to financial statement .

5.4.1 Consolidating Personal Property Financial Data

The RFA incorporates Personal Property financial data with the financial data for the entire General PP&E financial statement line item on a quarterly basis. This consolidation is done in an Excel spreadsheet.

5.4.2 Recording General PP&E Financial Data

The RFA records the Personal Property financial data into the DCI to be consolidated with the balances for the General PP&E line item. Posting the information into the DCI makes it available to be extracted by DFAS for inclusion on the financial statements Table 19, *Recording Personal Property portion of General PP&E*, details the steps for recording consolidated Personal Property financial data into the DCI.

Step	Activity
1	<ul style="list-style-type: none"> Select “Personal Property DPAS”.
2	<ul style="list-style-type: none"> Select Form Function = “See user form”.
3	<ul style="list-style-type: none"> Select Command = “CMC”.
4	<ul style="list-style-type: none"> Select Reporting Period = current period.
5	<ul style="list-style-type: none"> Enter a DCI Username and Password.
6	<ul style="list-style-type: none"> To record an increase in Equipment (Personal Property) <ul style="list-style-type: none"> - Debit Account 1750: Equipment - Credit Account 7190: Other Gains
7	<ul style="list-style-type: none"> To record an decrease in Equipment (Personal Property) <ul style="list-style-type: none"> - Debit Account 7190: Other Gains - Credit Account 1750: Equipment
8	<ul style="list-style-type: none"> To record an increase in Depreciation for Equipment (Personal Property) <ul style="list-style-type: none"> - Debit Account 1759: Accumulated Depreciation on Equipment - Credit Account 6710: Depreciation, Amortization, Depletion
9	<ul style="list-style-type: none"> To record an increase in Depreciation for Equipment (Personal Property) <ul style="list-style-type: none"> - Debit Account 6710: Depreciation, Amortization, Depletion - Credit Account 1759: Accumulated Depreciation on Equipment

Table 19: Recording Personal Property portion of General PP&E.



5.4.3 Preparing and Validating Personal Property Notes to the Financial Statements

As part of the process of recording Personal Property financial data, the RFA assists in preparing the notes to the financial statements for General PP&E. The DoDFMR Vol. 6B, Chapter 10, *Notes to the Financial Statements*, require certain disclosures to be issued in notes to the principal financial statements. These notes are included with the objective of making the financial statements more informative to the users. After RFA prepares notes to the financial statements, the note is forwarded to the Defense Finance Accounting Service - Kansas City (DFAS-KC) for incorporation into the financial statements.

The notes to the financial statements should be prepared in narrative form and should provide a detailed description of the balances, including depreciation information and the valuation method. Table 20, *Financial Statement Note Requirements*, summarizes the types of information that must be presented in the footnote.

Note Information	Description
Depreciation/Amortization Method	<ul style="list-style-type: none"> Straight line depreciation is the DoD required method
Service Life	<ul style="list-style-type: none"> 5 years, 20 years, etc.
Acquisition Value	<ul style="list-style-type: none"> Amount supported by source documentation
Accumulated Depreciation/Amortization Amount	<ul style="list-style-type: none"> Amount supported by source documentation
Net Book Value	<ul style="list-style-type: none"> Amount supported by source documentation

Table 20: Financial Statement Note Requirements.

The note for General PP&E is Note 10, *General Property, Plant and Equipment (PP&E), Net*.⁹ It contains financial information for both Real and Personal Property. Table 21, *Note 10 Classes and Subcategories*, shown below provides a description of the General PP&E classes and subcategories presented in the note.

Note 10 Class	Note 10 Subcategory
Personal Property	<ul style="list-style-type: none"> General Equipment Internal Use Software Military Equipment Other

Table 21: Note 10 Classes and Subcategories.

⁹ DoD FMR 6B Chapter 10, *Notes to the Financial Statements*.

Note 10 Class	Note 10 Subcategory
Real Property	<ul style="list-style-type: none"> ▪ Land ▪ Buildings, Structures and Facilities ▪ Leasehold Improvements ▪ Assets Under Capital Lease ▪ Construction In Progress

Table 21: Note 10 Classes and Subcategories (cont).

Figure 11, *Note 10 - General Format*, shown below provides an example of the format of Note 10.

NOTE 10. GENERAL PP&E, NET

As of September 30. (Amounts in thousands)	2004					2003
	Depreciation/ Amortization Method	Service Life	Acquisition Value	(Accumulated Depreciation/ Amortization)	Net Book Value	Net Book Value
1. Major Asset Classes:						
A. Land	N/A	N/A	\$ 567,889	N/A	\$ 567,889	\$ 603,981
B. Buildings, Structures, and Facilities	S/L	20 - 40	32,912,222	\$ (20,058,447)	12,853,775	21,007,724
C. Leasehold Improvements	S/L	lease term	231	(21)	210	0
D. Software	S/L	3-5 Or 10	3,071	(1,122)	1,949	423
E. General Equipment	S/L	5 Or 10	2,598,057	(2,078,308)	517,749	133,239,341
F. Military Equipment	S/L	Various	427,180,000	(293,030,000)	134,150,000	0
G. Assets Under Capital Lease ⁽¹⁾	S/L	lease term	432	(230)	202	148
H. Construction-in-Progress	N/A	N/A	3,807,729	N/A	3,807,729	3,555,898
I. Other			0	0	0	0
J. Total General PP&E			\$ 408,847,631	\$ (315,188,128)	\$ 15,679,503	\$ 158,407,451

⁽¹⁾ Note 15.B for additional information on Capital Leases

S/L = Straight Line N/A = Not Applicable

2. Other Information Related to General PP&E, Net:

Fluctuation and/or Abnormalities

Building, Structures, and Facilities.

The DON reported a decrease of \$8,153,949 thousand, 39 percent, in the net book value of buildings, structures, and facilities in FY 2004 when compared with FY 2003. The reason for the decrease in net book value is an increase in accumulated depreciation. While testing and changing the query methodology for the depreciation module in Internet Naval Facility Asset Database Store (INFADS), it was discovered that the methodology was not recognizing the depreciation of capitalized improvements for those buildings, structures, and facilities whose initial cost was fully depreciated. The cost of the capitalized improvements was in the reported book value of the DON real property and was captured by the INFADS query. Since the DON initiated the OUSD(C) policy of separately identifying and depreciating capitalized improvements in FY 1999, the depreciation for the capitalized improvements records was not captured in the query methodology. The correction was made during 1st Quarter FY 2004. The revised query methodology now recognizes the depreciation expense for those fully depreciated buildings, structures, and facilities that have capitalized improvements associated with them. Therefore, this change to the query methodology resulted in an increase in accumulated depreciation and a decrease to the net book value. Other changes associated with the new query and validation of INFADS database records also contributed to the overall increase in accumulated depreciation. A total of \$6,369,029 thousand of the accumulated depreciation contributed to the majority of the decrease in the Building, Structures, and Facilities.

Figure 11: Note 10 - General Format.

RFA's preparation of the General PP&E note to the financial statements serves as its validation of the General PP&E financial data that has been prepared. The information presented in the note indicates that the financial data presented in the financial statement is accurate and supported by the appropriate source documentation.

5.5 Defense Finance Accounting Service - Kansas City (DFAS-KC)

The Defense Finance Accounting Service - Kansas City (DFAS-KC) is responsible for reporting Marine Corps financial data in the general ledger accounts. In relation to Personal Property, DFAS-KC is responsible for (1) retrieving General PP&E financial data from DCI and (2) reporting General PP&E financial data for preparation of the financial statements line item.

5.5.1 Retrieving General PP&E Financial Data

DFAS-KC retrieves General PP&E financial data from the DCI for financial statement preparation. This financial data is combined with the Personal Property notes to the financial statements received from RFA.

5.5.2 Reporting General PP&E Financial Data

DFAS-KC reports the Personal Property portion of the General PP&E financial statement line item on the Marine Corps Balance Sheet. General PP&E financial data retrieved from the DCI is entered into the Defense Departmental Reporting System - Audited Financial Statements (DDRS-AFS) for preparation of the Marine Corps Financial Statements.

6.0 CONCLUSION

The process of reporting of Personal Property on the Marine Corps Financial Statements begins at the Installations with the BPCO performing the valuation and depreciation of Personal Property, the entry of Personal Property data into DPAS, physical count checks, and the maintenance of source documentation. The Comptroller/REA function assures the accuracy of the Personal Property financial data produced by the BPCO. LFS-1 analyzes, reconciles and records the Personal Property financial information from the Installations into the DCI. RFA consolidates Personal Property financial data into the General PP&E line item, enters it into the DCI, and validates the information with the preparation of the General PP&E notes to the financial statement. DFAS retrieves the General PP&E financial data from the DCI and reports it into the DDRS-AFS for preparation of the Marine Corps Financial Statements.

APPENDIX A - DEFINITIONS

Term	Definition	Initial Reference
Acquisition Cost (Value)	The amount, net of both trade and cash discounts, paid for the property, plus the transportation costs.	<i>Section 3, Concepts & Definitions</i>
Assets Under Capital Lease	The capitalized value of assets leased under terms that are essentially equivalent to an installment purchase.	<i>Section 5, Personal Property Process</i>
Book Value	The recorded cost of an asset less its accumulated depreciation.	<i>Section 5, Personal Property Process</i>
Capital Lease	The use of an asset or part of an asset (such as part of a building) from one entity, the lessor, to another, the lessee, for a specified period of time in return for rent or other compensation.	<i>Section 5, Personal Property Process</i>
Depreciable Basis	The recorded cost reduced by the asset's salvage value.	<i>Section 5, Personal Property Process</i>
Depreciation	An expense recorded to reduce the value of an asset over its lifetime.	<i>Section 4, Responsibilities Matrix</i>
Fair Market Value	An unbiased, equitable or just value based on the cost of a similar asset or the price that an impartial buyer would be willing to pay for the asset or a similar asset.	<i>Section 5, Personal Property Process</i>
General PP&E	Tangible assets that meet the following criteria: (1) have an estimated useful life of two years or more, (2) are not intended for sale in the ordinary course of operations, (3) are acquired or constructed with the intention of being used or being available for use by the entity, and (4) have an initial acquisition cost, book value or, when applicable, an estimated fair market value that equals, or exceeds, the DoD capitalization threshold of \$100,000.	<i>Section 3, Concepts & Definitions</i>



Term	Definition	Initial Reference
Internal Use Software	Software that is: (1) purchased from commercial off-the-shelf (COTS) vendors or ready for use with little or no changes, (2) internally developed software that is developed by employees of the DoD, including new software and existing or purchased software that is modified with or without a contractor's assistance, or (3) contractor-developed software that the DoD paid a contractor to design, program, install, and implement, including new software and the modification of existing or purchased software. Includes application and operating system programs, procedures, rules, and any associated documentation pertaining to the operation of a computer system or program that is owned for operational or other internal use.	<i>Section 3, Concepts & Definitions</i>
Land	The solid part of the surface of the earth. Excluded from the definition are natural resources (e.g., depletable resources, such as mineral deposits and petroleum, renewable resources such as timber and the outer-continental shelf resources).	<i>Section 5, Personal Property Process</i>
Leasehold Improvements	The capitalized value of improvements made to leased property, as well as easements and right-of-way.	<i>Section 5, Personal Property Process</i>
Mid-Year Convention Method	A method of commencing depreciation where six months of depreciation is computed and expensed in the first and last year of an asset's useful life, regardless of the actual month the asset was placed in, or removed from, service.	<i>Section 5, Personal Property Process</i>
Military Equipment	The PP&E components of weapons systems and support PP&E used by Military Departments in the performance of military missions and vessels held in a preservation status by the Maritime Administration's National Defense Reserve Fleet.	<i>Section 3, Concepts & Definitions</i>
Month Available for Service Method	A method of commencing depreciation where the month the asset was available for use, regardless of whether it was actually used, is the month used to commence the calculation of depreciation expense for the first year.	<i>Section 5, Personal Property Process</i>
Net Book Value	The net value of an asset. Equal to its original cost (its book value) minus depreciation and amortization.	<i>Section 5, Personal Property Process</i>
Personal Property (Equipment)	Tangible equipment items of a durable nature and used by the DoD in providing goods and services.	<i>Section 5, Personal Property Process</i>
Property, Plant and Equipment (PP&E)	Assets that consist of (1) General PP&E, (2) Heritage Assets, and (3) Stewardship Land.	<i>Section 1, Introduction</i>



Term	Definition	Initial Reference
Real Property	Fixed assets that are comprised of land and the rights to land; buildings to include capitalized additions, alterations, improvements, and rehabilitations; and other structures and facilities. Real property does not include personal property (weapons systems and other military equipment).	<i>Section 3, Concepts & Definitions</i>
Recorded Cost	The recorded cost or value shall include the amount(s) paid to bring the property to its form and location suitable for its intended use and are identifiable and material to the value of the asset. In addition to the amount paid to the vendor, additional ancillary costs that are identifiable shall be included in the recorded cost.	<i>Section 5, Personal Property Process</i>
Salvage (Residual) Value	The estimated value remaining at the end of a capital asset's useful life. Or, the dollar value expected to be recovered from the asset's disposal when it is removed from service. (Also referred to as "Salvage Value" or "Scrap Value.").	<i>Section 5, Personal Property Process</i>
Straight Line Depreciation	A depreciation method that spreads the cost or other basis of an asset evenly over its useful life. The annual depreciation expense is calculated by subtracting the salvage value of the asset from the purchase price, and then dividing this number by the estimated useful life of the asset.	<i>Section 5, Personal Property Process</i>
Useful (Service) Life/Recovery Period	The length of time that a depreciable asset is expected to be useable. For purposes of computing depreciation on DoD Personal Property assets, specific recovery periods are prescribed.	<i>Section 5, Personal Property Process</i>

APPENDIX B - GLOSSARY OF ACRONYMS

Acronym	Acronym Expansion
COTS	Commercial “Off-the-Shelf”
DCI	Data Collection Instrument
DDRS-AFS	Defense Departmental Reporting System - Audited Financial Statements
DFAS-KC	Defense Finance and Accounting Service - Kansas City
DPAS	Defense Property Accountability System
DoD	Department of Defense
DoDFMR	Department of Defense Financial Management Regulation
DoN	Department of the Navy
HQMC	Headquarters, Marine Corps
I&L	Installations and Logistics Department
LFS-1	Garrison Property Management Section
MCO	Marine Corps Order
NBV	Net Book Value
POC	Point of Contact
PP&E	Property, Plant and Equipment
REA	Resource Evaluation and Analysis
RFA	Accounting and Financial Systems Branch
SFFAS	Statement of Federal Financial Accounting Standards
SOP	Standard Operating Procedures
USMC	United States Marine Corps
USSGLA	United States Standard General Ledger Account



APPENDIX C - POINTS OF CONTACT

Reporting Area	Points of Contact
I&L (LFS-1)	Charlie Smith (GS13) DSN: 225-6965 Tel: (703) 695-6965 smithecf@hqmc.usmc.mil
RFA	Flora Temple (GS9) DSN: 224-2252 Tel: (703) 695-2252 templefv@hqmc.usmc.mil
DFAS-KC	Martha Holland DSN: 465-3239 Tel: (816) 926-3239 martha.holland@dfas.mil



APPENDIX D - RESOURCES

Appendix D presents the resources used to create the Personal Property SOP. These resources can be accessed on the RFA FII Portal at: <https://hqipom1.hqmc.usmc.mil/pls/htmldb/f?p=108>.

- (1) Statement of Federal Financial Accounting Standards (SFFAS) No. 6, *Accounting for Property, Plant and Equipment*
- (2) Statement of Federal Financial Accounting Standards (SFFAS) Number 14, *Amendments to Deferred Maintenance Reporting*
- (3) Statement of Federal Financial Accounting Standards (SFFAS) Number 23, *Eliminating the Category National Defense Property, Plant and Equipment*
- (4) Department of Defense, Financial Management Regulation (DoDFMR) Volume 4, Chapter 6 – *Property, Plant and Equipment*
- (5) Department of Defense, Financial Management Regulation (DoDFMR) Volume 6B, Chapter 10 - *Notes to the Financial Statements*
- (6) Department of Defense (DoD) Instruction 5000.64, *Defense Property Accountability*, August 2002
- (7) Secretary of the Navy (SECNAV) Instruction 7320.10A, *Department of the Navy (DoN) Personal Property Policies and Procedures*, April 2004
- (8) Marine Corps Order (MCO) P10150.1, *Garrison Property Policy Manual*, May 1992
- (9) Defense Finance and Accounting Service (DFAS) Guide 7900.4G, *A Guide to Federal Requirements for Financial Management Systems (FFMSR)*, November 2004
- (10) Defense Property Accountability System (DPAS) Basic Users Manual
- (11) Defense Property Accountability System (DPAS) Basic Plus Users Manual

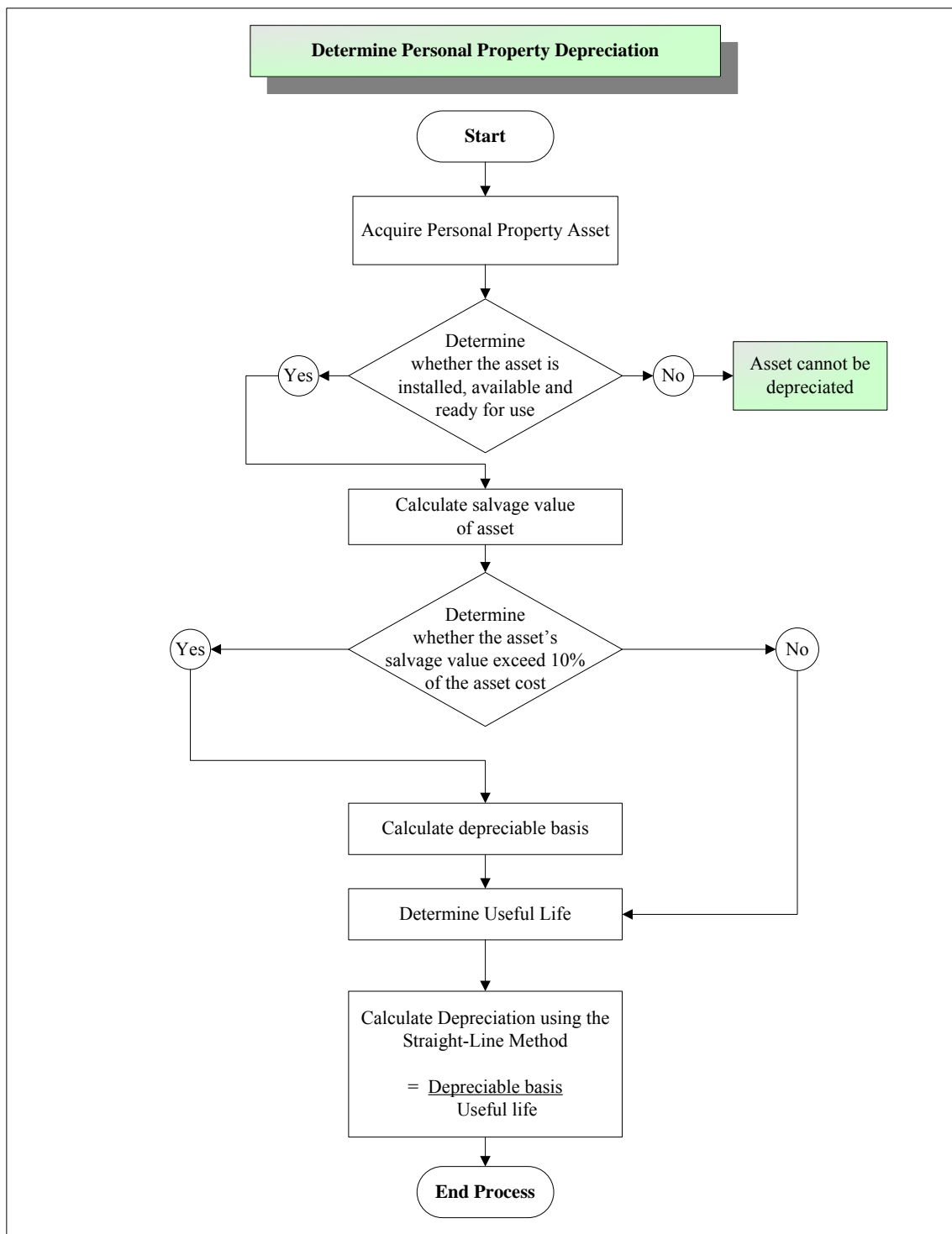


APPENDIX E - PROCESS FLOWS

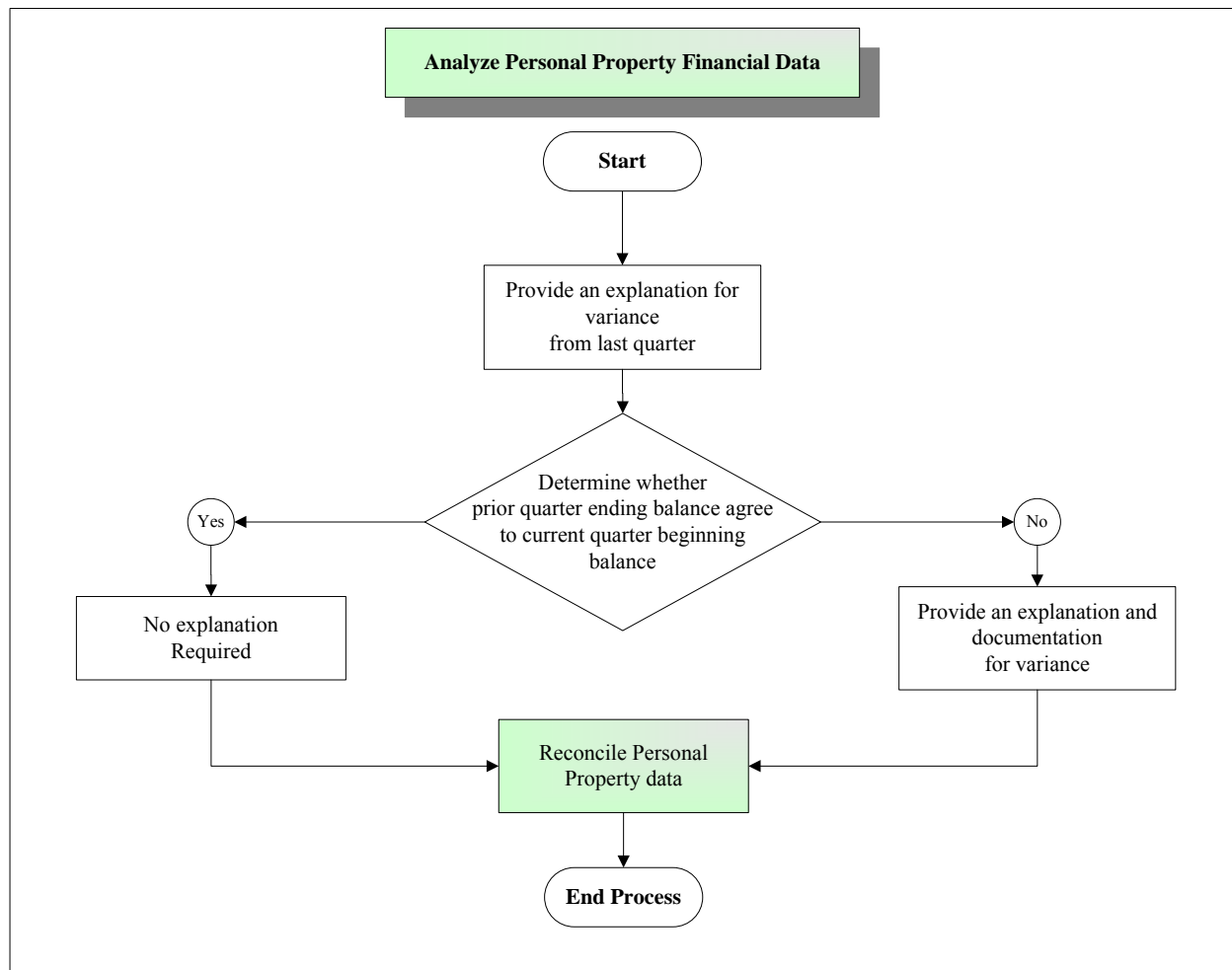
Appendix E, lists the detailed process flows that are followed in the Personal Property reporting process. The Scarlet and Gold box in the upper right hand corner of each process flow indicates which Marine Corps organization (BPCO or LFS-1) completes this process. Each of the process flows is presented on the following pages.

No.	Process Flow
BPCO-1	Determine Personal Property Depreciation
LFS-1-1	Analyze Personal Property Financial Data
LFS-1-2	Reconcile Personal Property Financial Data

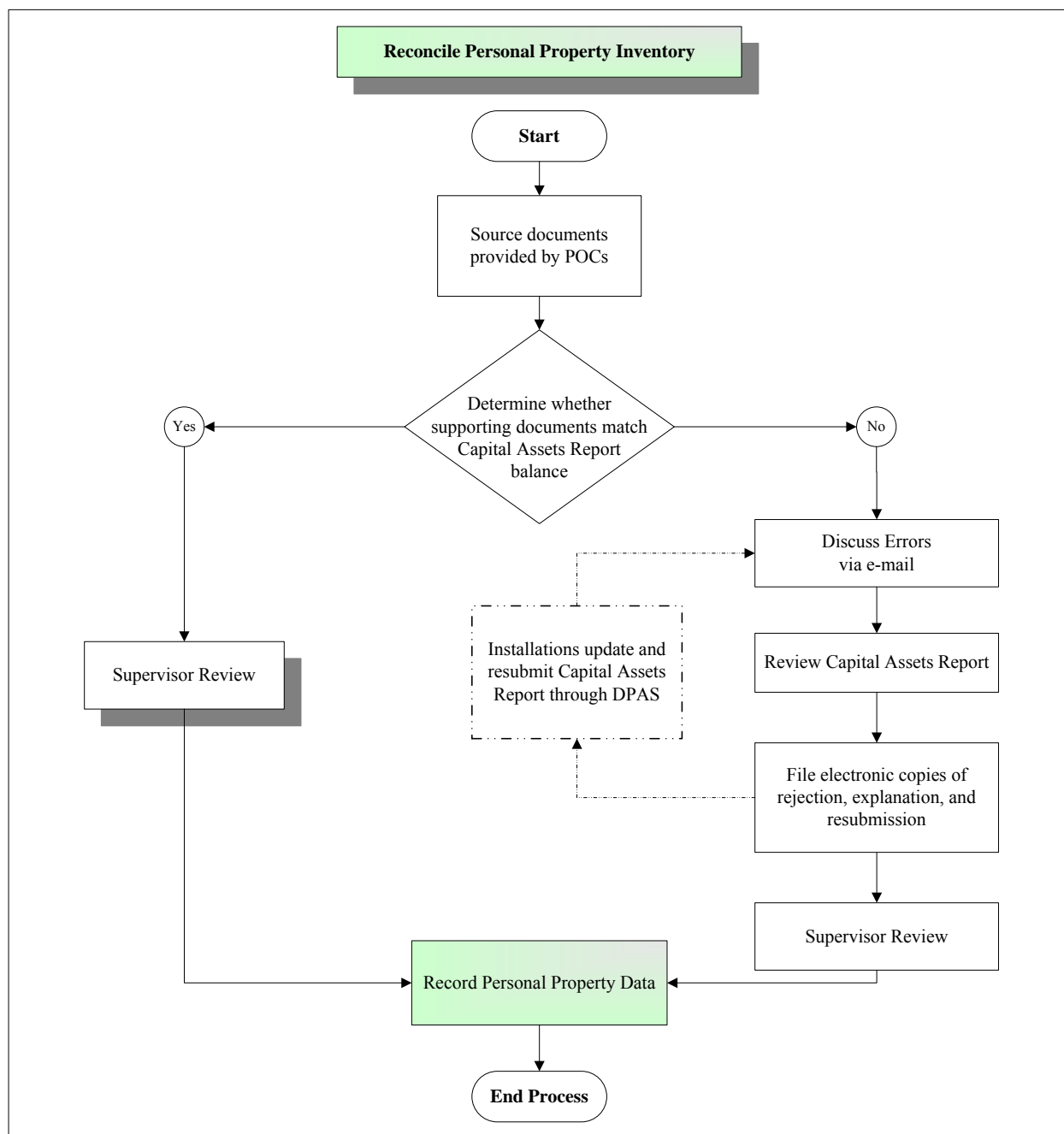


**Base Property Control
Office (BPCO)****BPCO-1. Determine Personal Property Depreciation**

LFS-1-1. Analyze Personal Property Financial Data



LFS-1-2. Reconcile Personal Property Inventory



APPENDIX F - FORMS

Appendix F, lists the standard forms used within the processes of accounting for Personal Property. The forms are also presented in this section. These forms can be accessed on the RFA FII Portal at:

<https://hqipom1.hqmc.usmc.mil/pls/htmldb/f?p=108>.

Personal Property Forms	
No.	Name
DD Form 1155	Order for Supplies or Services
DD Form 250	Materials and Receiving Report
DD Form 1149	Requisition and Invoice/Shipping Document
DD Form 1348-1A	Issue Release/Receipt Document
DD Form 200	Financial Liability Investigation of Property Loss



ORDER FOR SUPPLIES OR SERVICES					PAGE 1 OF
1. CONTRACT/PURCH ORDER/AGREEMENT NO.		2. DELIVERY ORDER/CALL NO.		3. DATE OF ORDER/CALL (YYYYMMDD)	
4. REQUISITION/PURCH REQUEST NO.		5. PRIORITY		6. ISSUED BY CODE	
7. ADMINISTERED BY (if other than 6) CODE		8. DELIVERY FOB		9. CONTRACTOR CODE	
10. DELIVER TO FOB POINT BY (date) (YYYYMMDD)		11. X IF BUSINESS IS		12. DISCOUNT TERMS	
13. MAIL INVOICES TO THE ADDRESS IN BLOCK		14. SHIP TO CODE		15. PAYMENT WILL BE MADE BY CODE	
16. DELIVERY/ CALL TYPE OF ORDER		This delivery order/call is issued on another Government agency or in accordance with and subject to terms and conditions of above numbered contract.			
17. ACCOUNTING AND APPROPRIATION DATA/LOCAL USE		Reference your			
18. ITEM NO.		19. SCHEDULE OF SUPPLIES/SERVICES		20. QUANTITY ORDERED/ ACCEPTED*	
21. UNIT		22. UNIT PRICE		23. AMOUNT	
24. UNITED STATES OF AMERICA		25. TOTAL		26. QUANTITY IN COLUMN 20 HAS BEEN	
27. SHIP. NO.		28. D.O. VOUCHER NO.		29. INITIALS	
30. PAID BY		31. PAYMENT		32. AMOUNT VERIFIED CORRECT FOR	
33. CHECK NUMBER		34. BILL OF LADING NO.		35. SIR VOUCHER NO.	
36. RECEIVED AT		37. DATE RECEIVED (YYYYMMDD)		38. RECEIVED BY (Print)	
39. TOTAL CONTAINERS		40. SIR ACCOUNT NUMBER		41. SIR VOUCHER NO.	

DD FORM 1155, JAN 1998 (EG)

PREVIOUS EDITION MAY BE USED.

Designed using Perform Pro, WHS/OICR, Jan 98



MATERIAL INSPECTION AND RECEIVING REPORT										Form Approved OMB No. 0704-0248	
<p>The public reporting burden for this collection of information is estimated to average 30 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing the burden, to the Department of Defense, Executive Services and Communications Directorate (0704-0248). Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to any penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number.</p> <p style="text-align: center;">PLEASE DO NOT RETURN YOUR COMPLETED FORM TO THE ABOVE ORGANIZATION. SEND THIS FORM IN ACCORDANCE WITH THE INSTRUCTIONS CONTAINED IN THE DFARS, APPENDIX F-401.</p>											
1. PROCUREMENT INSTRUMENT IDENTIFICATION (CONTRACT) NO.				ORDER NO.		6. INVOICE NO./DATE		7. PAGE OF		8. ACCEPTANCE POINT	
2. SHIPMENT NO.		3. DATE SHIPPED		4. B/L TCN			5. DISCOUNT TERMS				
9. PRIME CONTRACTOR CODE						10. ADMINISTERED BY CODE					
11. SHIPPED FROM (If other than 9) CODE						12. PAYMENT WILL BE MADE BY CODE					
13. SHIPPED TO CODE						14. MARKED FOR CODE					
15. ITEM NO.		16. STOCK/PART NO. <i>(Indicate number of shipping containers - Type of container - container number.)</i>				17. QUANTITY SHIP/REC'D*		18. UNIT	19. UNIT PRICE		20. AMOUNT
21. CONTRACT QUALITY ASSURANCE a. ORIGIN <input type="checkbox"/> CQA <input type="checkbox"/> ACCEPTANCE of listed items has been made by me or under my supervision and they conform to contract, except as noted herein or on supporting documents. DATE _____ SIGNATURE OF AUTHORIZED GOVERNMENT REPRESENTATIVE _____ TYPED NAME: _____ TITLE: _____ MAILING ADDRESS: _____ COMMERCIAL TELEPHONE NUMBER: _____						b. DESTINATION <input type="checkbox"/> CQA <input type="checkbox"/> ACCEPTANCE of listed items has been made by me or under my supervision and they conform to contract, except as noted herein or on supporting documents. DATE _____ SIGNATURE OF AUTHORIZED GOVERNMENT REPRESENTATIVE _____ TYPED NAME: _____ TITLE: _____ MAILING ADDRESS: _____ COMMERCIAL TELEPHONE NUMBER: _____					
22. RECEIVER'S USE Quantities shown in column 17 were received in apparent good condition except as noted. DATE RECEIVED _____ SIGNATURE OF AUTHORIZED GOVERNMENT REPRESENTATIVE _____ TYPED NAME: _____ TITLE: _____ MAILING ADDRESS: _____ COMMERCIAL TELEPHONE NUMBER: _____ * If quantity received by the Government is the same as quantity shipped, indicate by (X) mark; if different, enter actual quantity received below quantity shipped and encircle.											
23. CONTRACTOR USE ONLY											

DD FORM 250, AUG 2000

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SHIPPING CONTAINER TALLY → 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50

REQUISITION AND INVOICE/SHIPPING DOCUMENT										Form Approved OMB No. 0704-0246 Expires Feb 28, 2008		
<p>The public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing the burden, to Department of Defense, Washington Headquarters Services, Directorate for Information Operations and Reports (0704-0246), 1215 Jefferson Davis Highway, Suite 1204, Arlington, VA 22202-4302. Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to any penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number.</p> <p>PLEASE DO NOT RETURN YOUR FORM TO THIS ADDRESS. RETURN COMPLETED FORM TO THE ADDRESS IN ITEM 2.</p>												
1. FROM: (Include ZB Code)						SHEET NO.		NO. OF SHEETS		5. REQUISITION DATE		
						7. DATE MATERIAL REQUIRED (YYYYMMDD)		8. REQUISITION NUMBER				
								8. PRIORITY				
2. TO: (Include ZB Code)						9. AUTHORITY OR PURPOSE						
						10. SIGNATURE				11a. VOUCHER NUMBER & DATE (YYYYMMDD)		
3. SHIP TO - MARK FOR						12. DATE SHIPPED (YYYYMMDD)				b.		
						13. MODE OF SHIPMENT				14. BILL OF LADING NUMBER		
						15. AIR MOVEMENT DESIGNATOR OR PORT REFERENCE NO.						
4. APPROPRIATIONS DATA										AMOUNT		
ITEM NO.	FEDERAL STOCK NUMBER, DESCRIPTION, AND CODING OF MATERIAL AND/OR SERVICES					UNIT OF ISSUE	QUANTITY REQUESTED	SUPPLY ACTION	TYPE CONTAINER	CONTAINER NOS.	UNIT PRICE	TOTAL COST
(a)	(b)					(c)	(d)	(e)	(f)	(g)	(h)	(i)
16. TRANSPORTATION VIA MATS OR MSTS CHARGEABLE TO												
17. SPECIAL HANDLING												
R E C E I V E R S H I P I N G I N F O R M A T I O N	18. ISSUED BY		TOTAL CONTAINERS	TYPE CONTAINER	DESCRIPTION	TOTAL WEIGHT	TOTAL CUBE	19. CONTAINERS RECEIVED EXCEPT AS NOTED	DATE (YYYYMMDD)	BY	SHEET TOTAL	
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	CHECKED BY								20. QUANTITIES RECEIVED EXCEPT AS NOTED	DATE (YYYYMMDD)	BY	GRAND TOTAL
PACKED BY								21. POSTED	DATE (YYYYMMDD)	BY	22. RECEIVER'S VOUCHER NO.	
← TOTAL →												

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DD FORM 1348-1A, JUL 91 ISSUE RELEASE/RECEIPT DOCUMENT

27. ADDITIONAL DATA

28. QUANTITY NUMBER & SUFFIX (28-44)

29. INITIALS, SIGNATURE & AID (29-32)

30. DATE (30-32)

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FINANCIAL LIABILITY INVESTIGATION OF PROPERTY LOSS							
PRIVACY ACT STATEMENT							
AUTHORITY: 10 USC 2775; DoD Directive 7200.11; EO 9397. PRINCIPAL PURPOSE(S): To officially report the facts and circumstances supporting the assessment of financial charges for the loss, damage, or destruction of DoD-controlled property. The purpose of soliciting the SSN is for positive identification.				ROUTINE USE(S): None. DISCLOSURE: Voluntary; however, refusal to explain the circumstances under which the property was lost, damaged, or destroyed may be considered with other factors in determining if an individual will be held financially liable.			
1. DATE INITIATED (YYYYMMDD)		2. INQUIRY/INVESTIGATION NUMBER			3. DATE LOSS DISCOVERED (YYYYMMDD)		
4. NATIONAL STOCK NO.		5. ITEM DESCRIPTION		6. QUANTITY		7. UNIT COST	
						8. TOTAL COST 0.00	
9. CIRCUMSTANCES UNDER WHICH PROPERTY WAS (X one) (Attach additional pages as necessary)				<input type="checkbox"/> LOST		<input type="checkbox"/> DAMAGED <input type="checkbox"/> DESTROYED	
10. ACTIONS TAKEN TO CORRECT CIRCUMSTANCES REPORTED IN BLOCK 9 AND PREVENT FUTURE OCCURRENCES (Attach additional pages as necessary)							
11. INDIVIDUAL COMPLETING BLOCKS 1 THROUGH 10							
a. ORGANIZATIONAL ADDRESS (Unit Designation, Office Symbol, Base, State/Country, Zip Code)				b. TYPED NAME (Last, First, Middle Initial)		c. DSN NUMBER	
				d. SIGNATURE		e. DATE SIGNED	
12. (X one) <input type="checkbox"/> RESPONSIBLE OFFICER (PROPERTY RECORD ITEMS) <input type="checkbox"/> REVIEWING AUTHORITY (SUPPLY SYSTEM STOCKS)							
a. NEGLIGENCE OR ABUSE EVIDENT/SUSPECTED (X one) <input type="checkbox"/> YES <input type="checkbox"/> NO		b. COMMENTS/RECOMMENDATIONS					
c. ORGANIZATIONAL ADDRESS (Unit Designation, Office Symbol, Base, State/Country, Zip Code)				d. TYPED NAME (Last, First, Middle Initial)		e. DSN NUMBER	
				f. SIGNATURE		g. DATE SIGNED	
13. APPOINTING AUTHORITY							
a. RECOMMENDATION (X one) <input type="checkbox"/> APPROVE <input type="checkbox"/> DISAPPROVE		b. COMMENTS/RATIONALE				c. FINANCIAL LIABILITY OFFICER APPOINTED (X one) <input type="checkbox"/> YES <input type="checkbox"/> NO	
d. ORGANIZATIONAL ADDRESS (Unit Designation, Office Symbol, Base, State/Country, Zip Code)				e. TYPED NAME (Last, First, Middle Initial)		f. DSN NUMBER	
				g. SIGNATURE		h. DATE SIGNED	
14. APPROVING AUTHORITY							
a. RECOMMENDATION (X one) <input type="checkbox"/> APPROVE <input type="checkbox"/> DISAPPROVE		b. COMMENTS/RATIONALE				c. LEGAL REVIEW COMPLETED IF REQUIRED (X one) <input type="checkbox"/> YES <input type="checkbox"/> NO <input type="checkbox"/> N/A	
d. ORGANIZATIONAL ADDRESS (Unit Designation, Office Symbol, Base, State/Country, Zip Code)				e. TYPED NAME (Last, First, Middle Initial)		f. DSN NUMBER	
				g. SIGNATURE		h. DATE SIGNED	

DD FORM 200, OCT 1999

PREVIOUS EDITION IS OBSOLETE.

Reset



15. FINANCIAL LIABILITY OFFICER		
a. FINDINGS AND RECOMMENDATIONS <i>(Attach additional pages as necessary)</i>		
b. DOLLAR AMOUNT OF LOSS	c. MONTHLY BASIC PAY	d. RECOMMENDED FINANCIAL LIABILITY
e. ORGANIZATIONAL ADDRESS <i>(Unit Designation, Office Symbol, Base, State/Country, Zip Code)</i>	f. TYPED NAME <i>(Last, First, Middle Initial)</i>	g. DSN NUMBER
	h. DATE REPORT SUBMITTED TO APPOINTING AUTHORITY <i>(YYYYMMDD)</i>	i. DATE APPOINTED <i>(YYYYMMDD)</i>
	j. SIGNATURE	k. DATE SIGNED
16. INDIVIDUAL CHARGED		
a. I HAVE EXAMINED THE FINDINGS AND RECOMMENDATIONS OF THE FINANCIAL LIABILITY OFFICER AND <i>(X one)</i>		
<input type="checkbox"/> Submit the attached statement of objection. <input checked="" type="checkbox"/> Do not intend to make such a statement.		
b. I HAVE BEEN INFORMED OF MY RIGHT TO LEGAL ADVICE. MY SIGNATURE IS NOT AN ADMISSION OF LIABILITY.		
c. ORGANIZATIONAL ADDRESS <i>(Unit Designation, Office Symbol, Base, State/Country, Zip Code)</i>	d. TYPED NAME <i>(Last, First, Middle Initial)</i>	e. SOCIAL SECURITY NUMBER
	g. SIGNATURE	h. DATE SIGNED
f. DSN NUMBER		
17. ACCOUNTABLE OFFICER		
a. DOCUMENT NUMBER(S) USED TO ADJUST PROPERTY RECORD		
b. ORGANIZATIONAL ADDRESS <i>(Unit Designation, Office Symbol, Base, State/Country, Zip Code)</i>	c. TYPED NAME <i>(Last, First, Middle Initial)</i>	d. DSN NUMBER
	e. SIGNATURE	f. DATE SIGNED

DD FORM 200 (BACK), OCT 1999

Reset

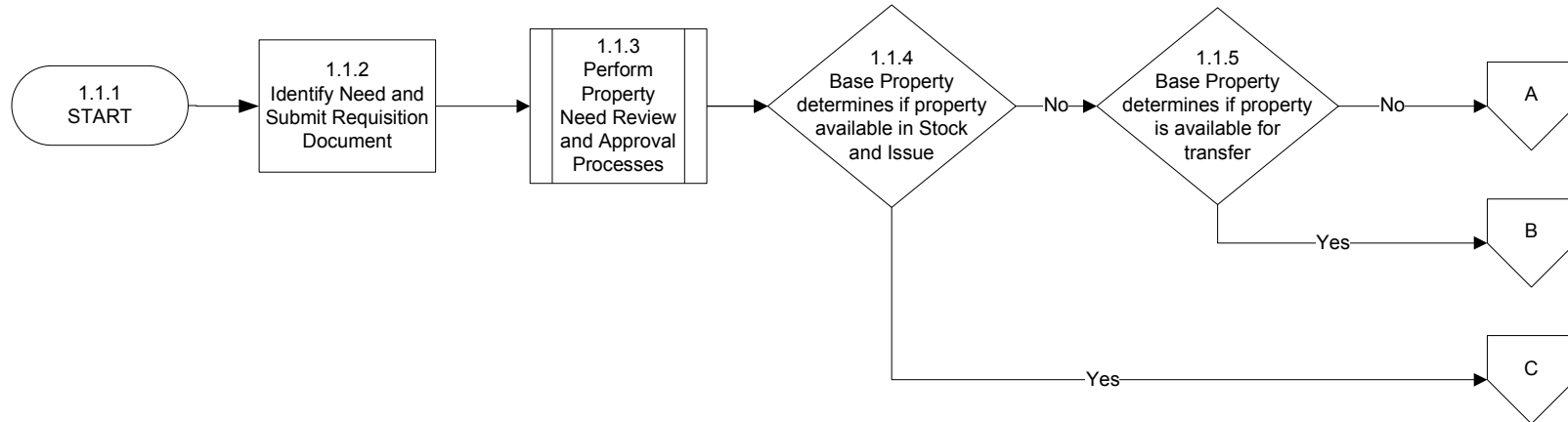




PERSONAL PROPERTY PP- 1.0, Top Level Page 1

1.1 Property Need Identification

Installation





PERSONAL PROPERTY

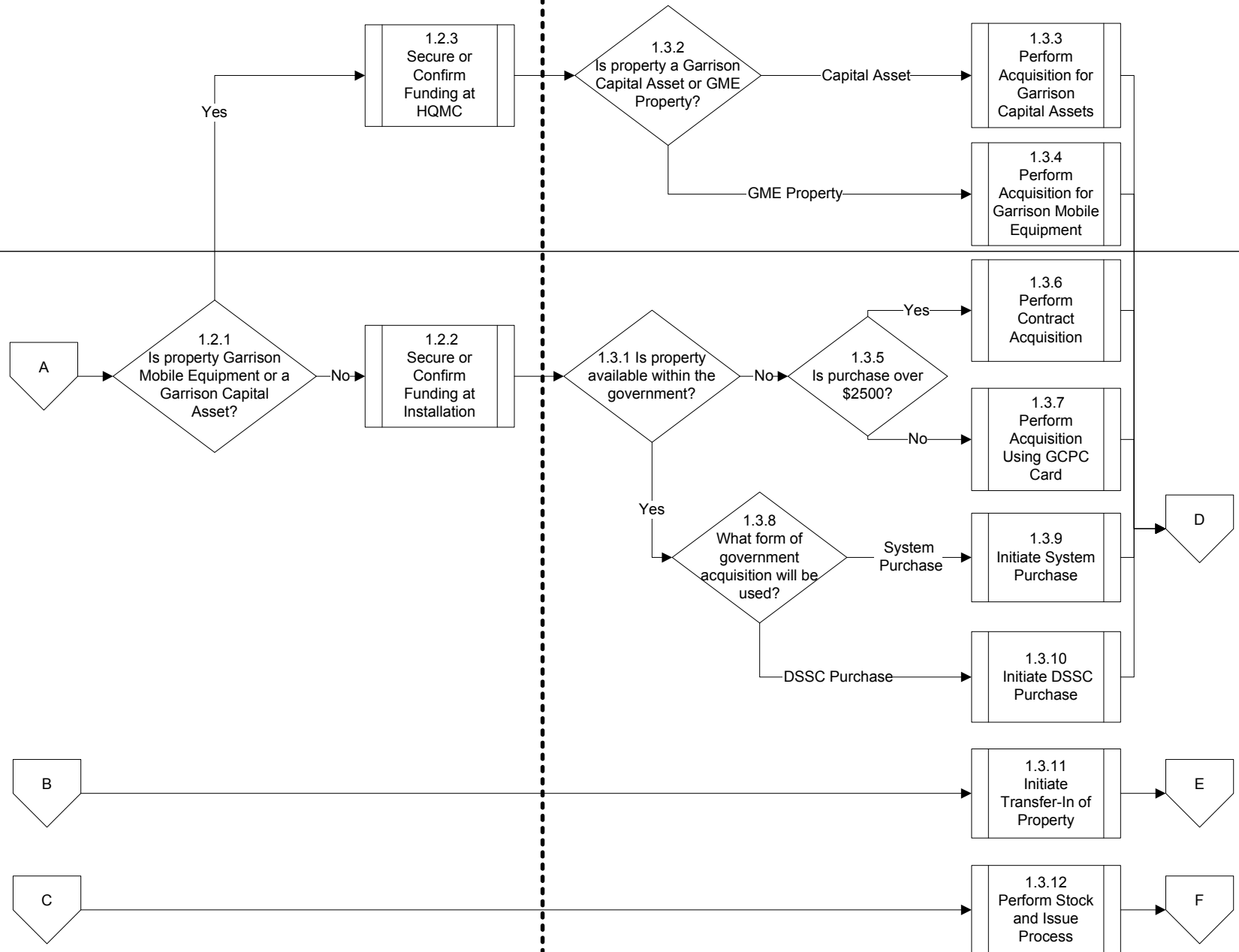
PP- 1.0, Top Level Page 2

1.2 Funding Source

1.3 Requisitioning, Purchase, or Procurement

HQMC

Installation

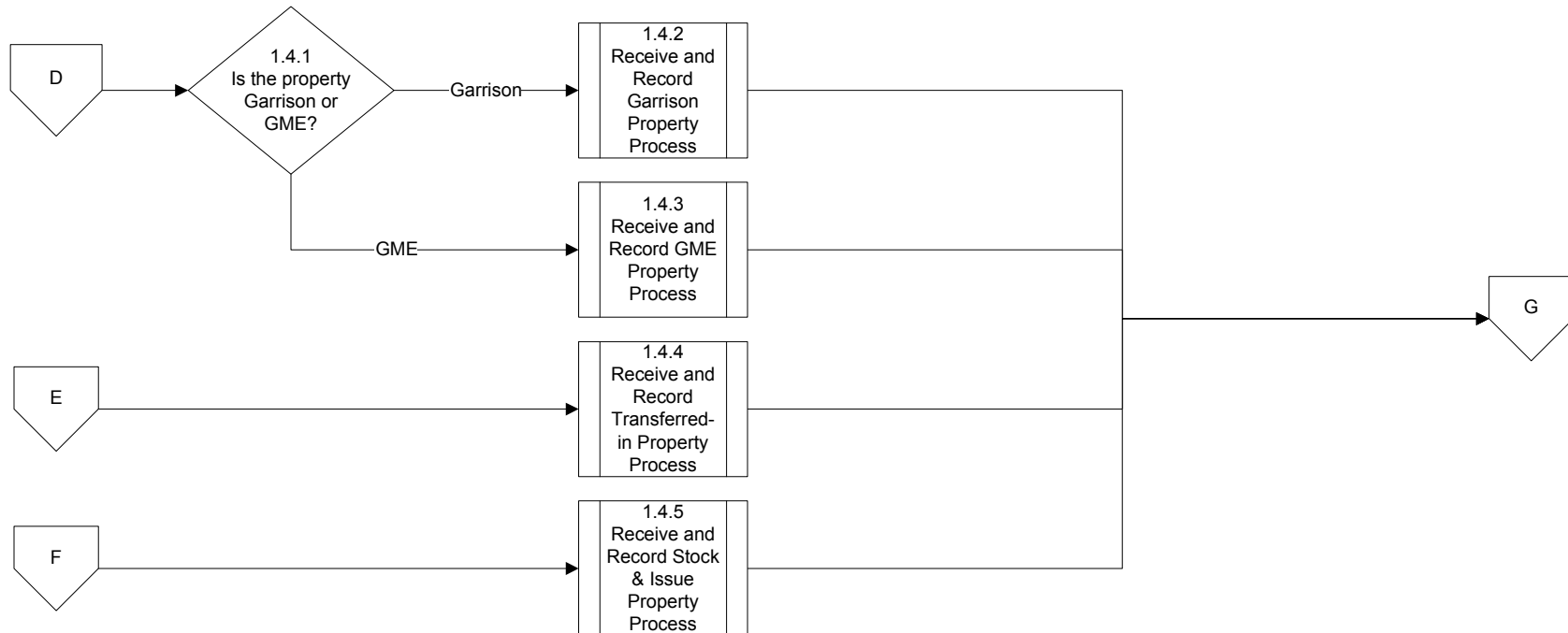




PERSONAL PROPERTY PP-1.0, Top Level Page 3

1.4 Receipt and Recordation

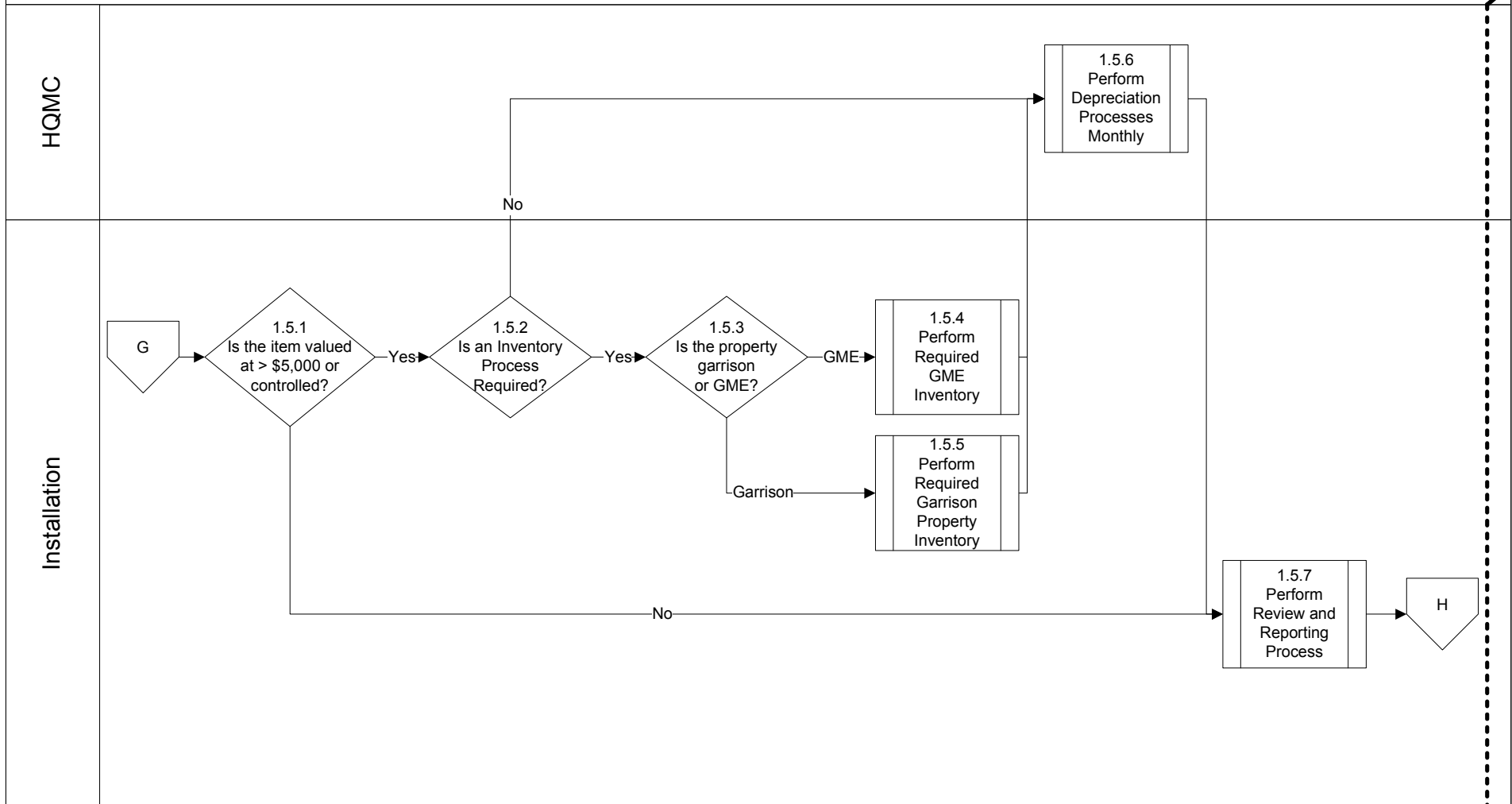
Installation





PERSONAL PROPERTY PP-1.0, Top Level Page 4

1.5 Tracking, Accounting, Reporting and Review

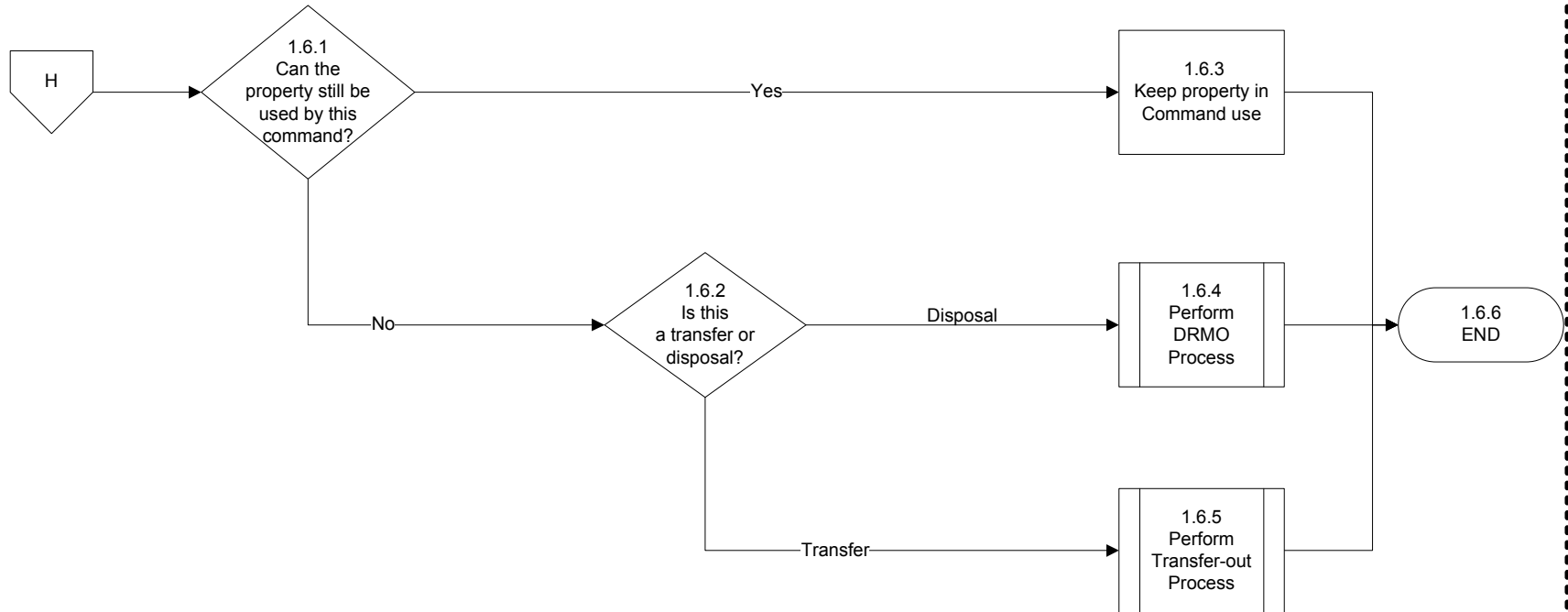




PERSONAL PROPERTY PP-1.0, Top Level Page 5

1.6 Disposal or Transfer

Installation

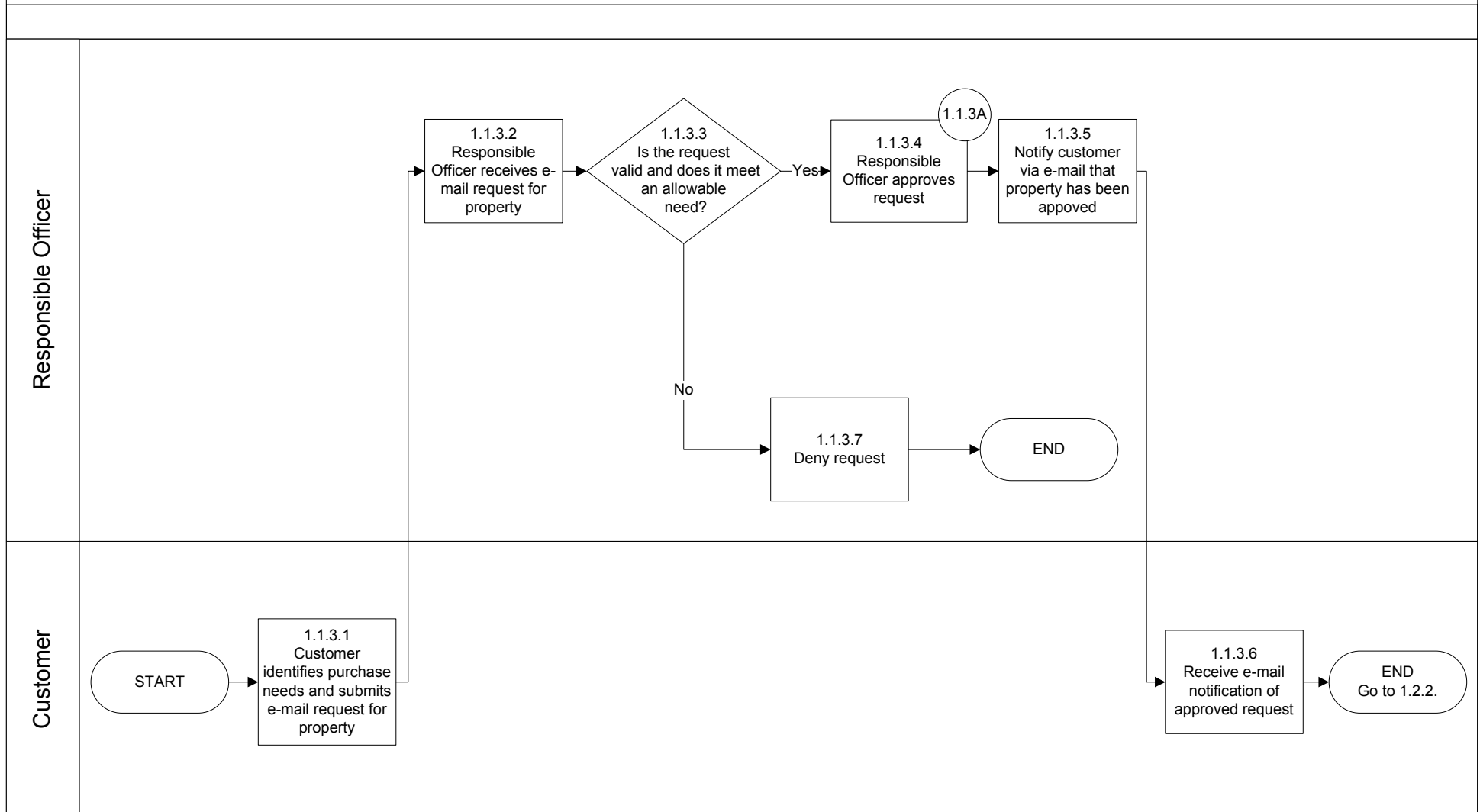




PERSONAL PROPERTY

PP- 1.1 Property Need Identification Process

1.1.3 Perform Property Need Review and Approval Processes, Page 1



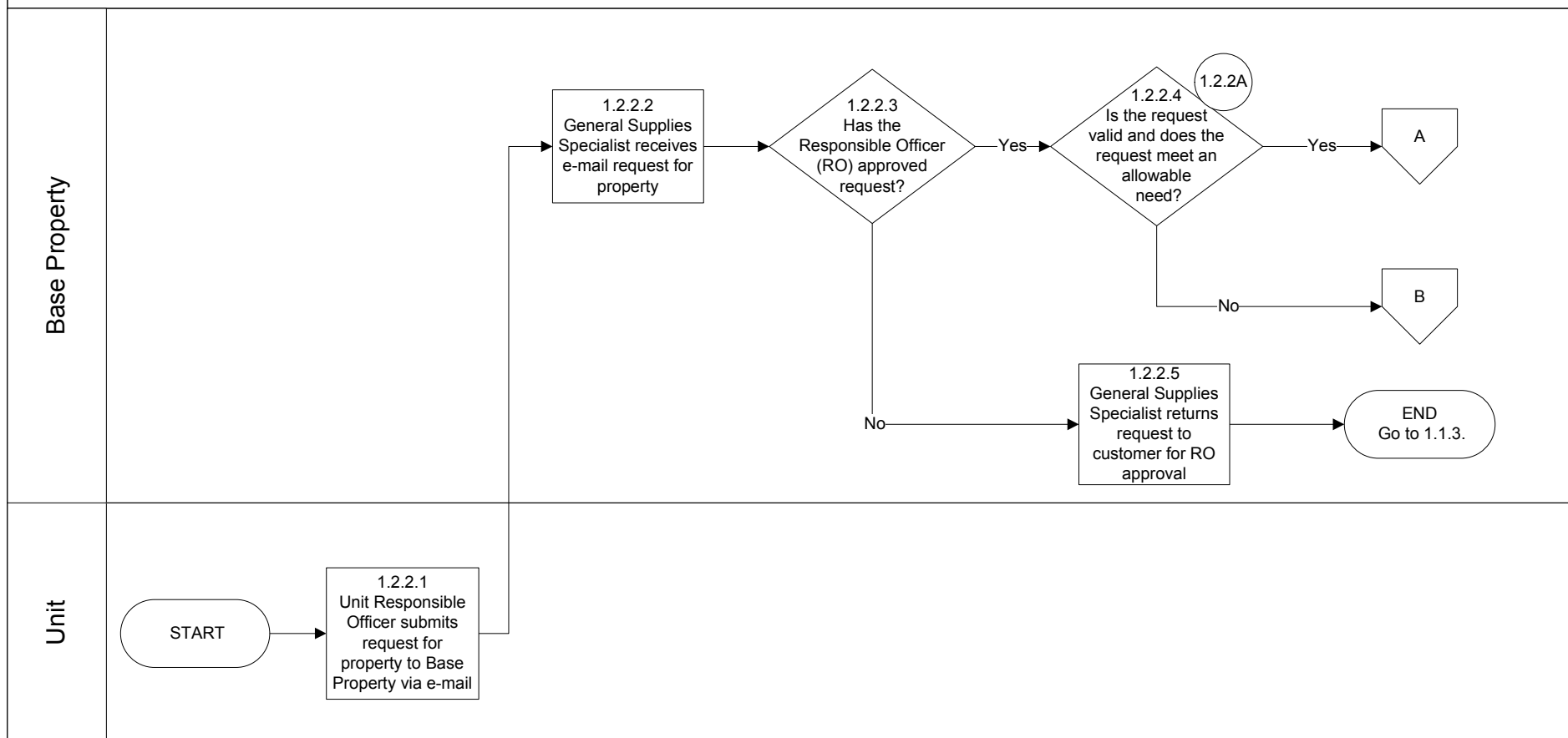


PERSONAL PROPERTY

Funding Process

PP-1.2, Funding Source

1.2.2 Secure or Confirm Funding at Installation, Page 1



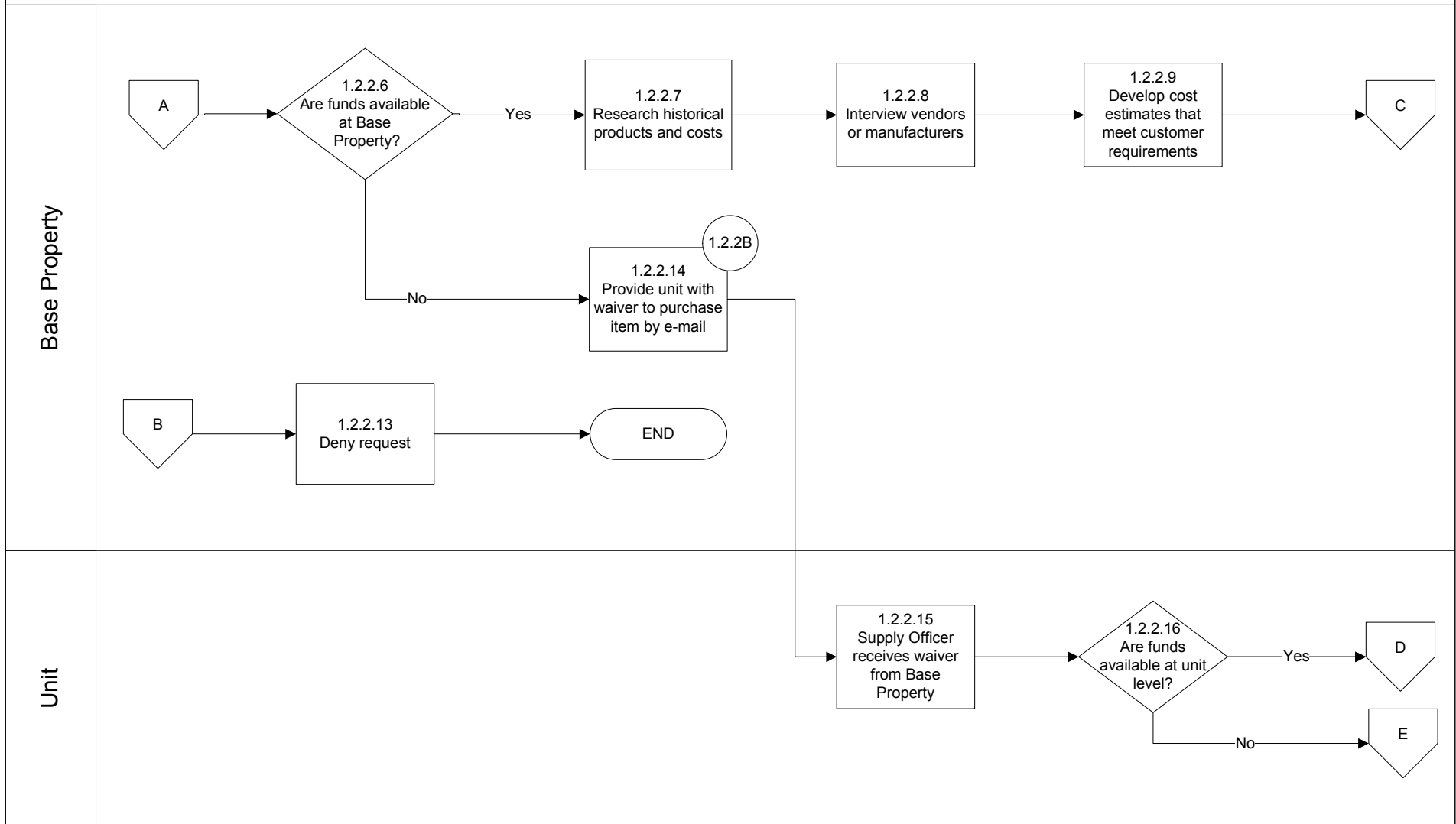


PERSONAL PROPERTY

Funding Process

PP-1.2, Funding Source

1.2.2 Secure or Confirm Funding at Installation, Page 2



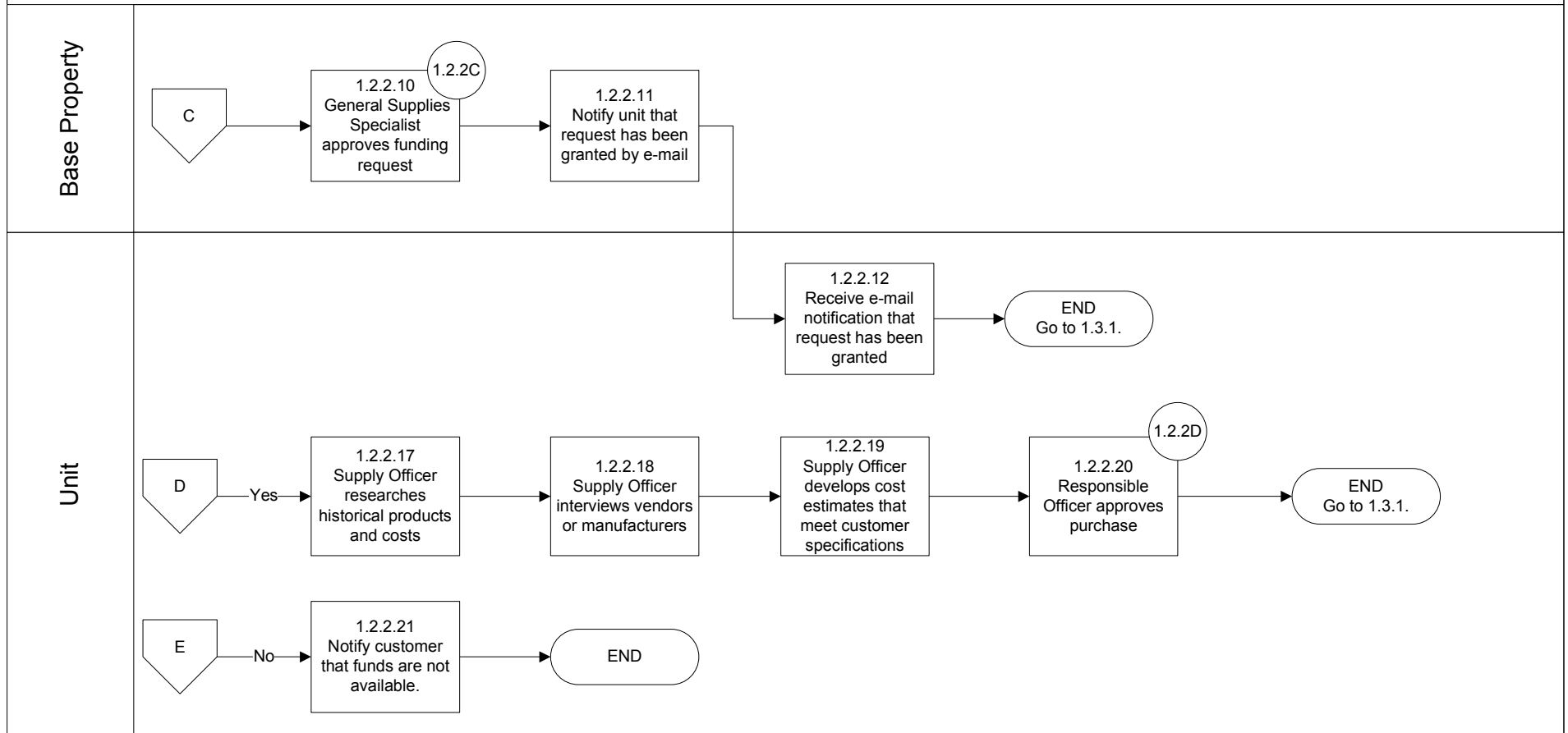


PERSONAL PROPERTY

Funding Process

PP-1.2, Funding Source

1.2.2 Secure or Confirm Funding at Installation, Page 3

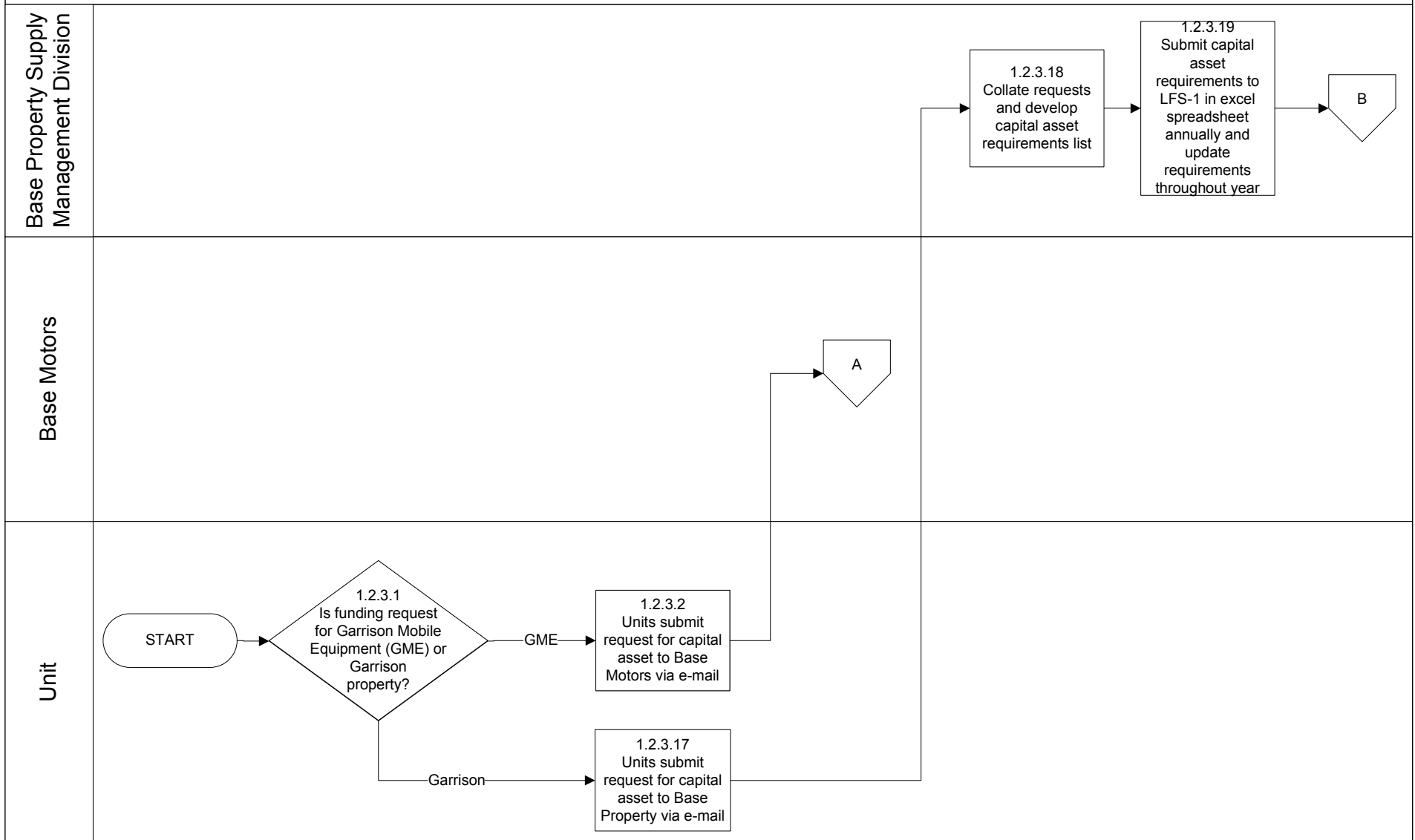




PERSONAL PROPERTY

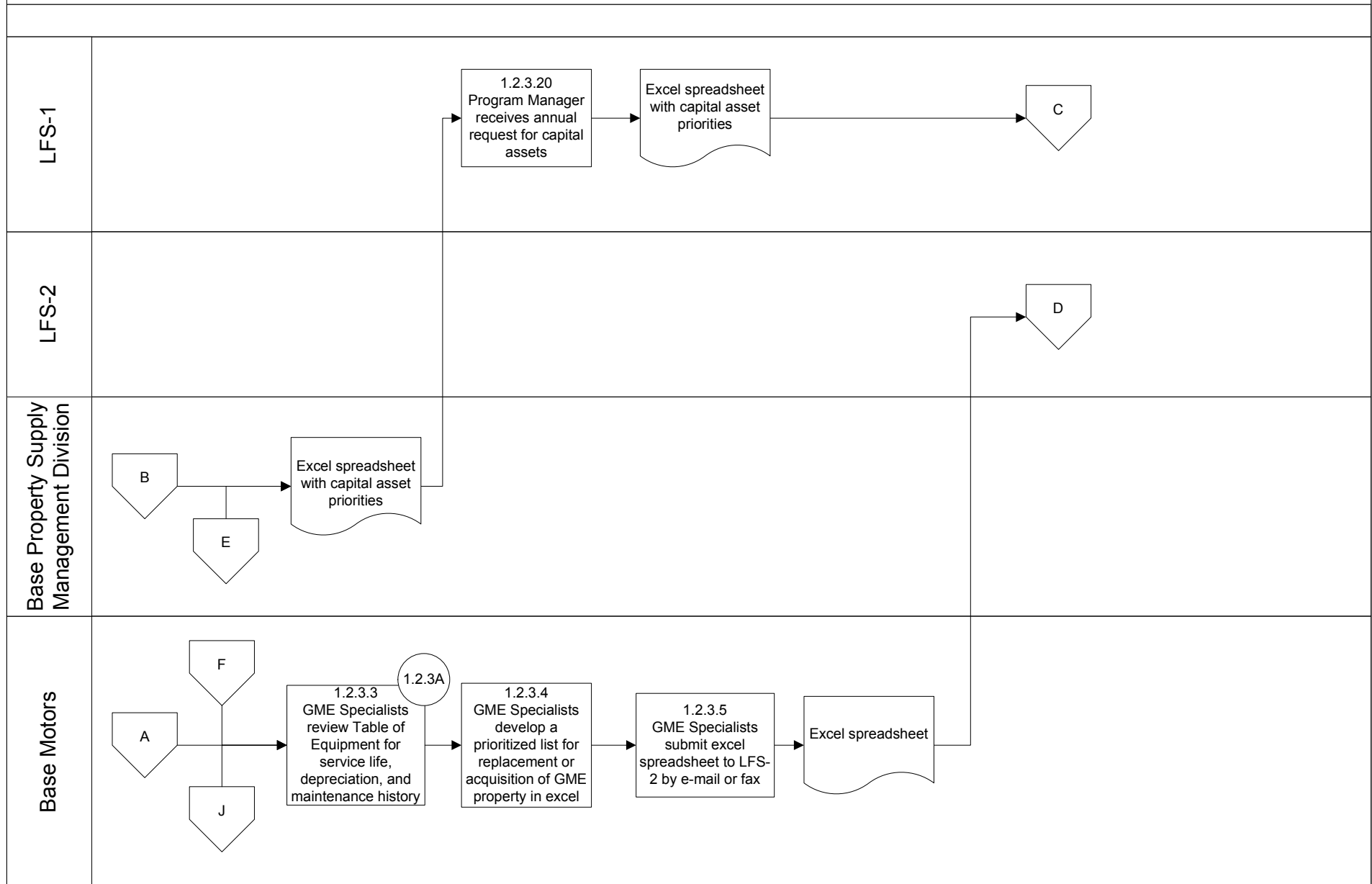
PP-1.2, Funding Source

1.2.3 Secure and Confirm Funding at HQMC, Page 1





PERSONAL PROPERTY
PP-1.2, Funding Source
1.2.3 Secure and Confirm Funding for Capital Assets, Page 2

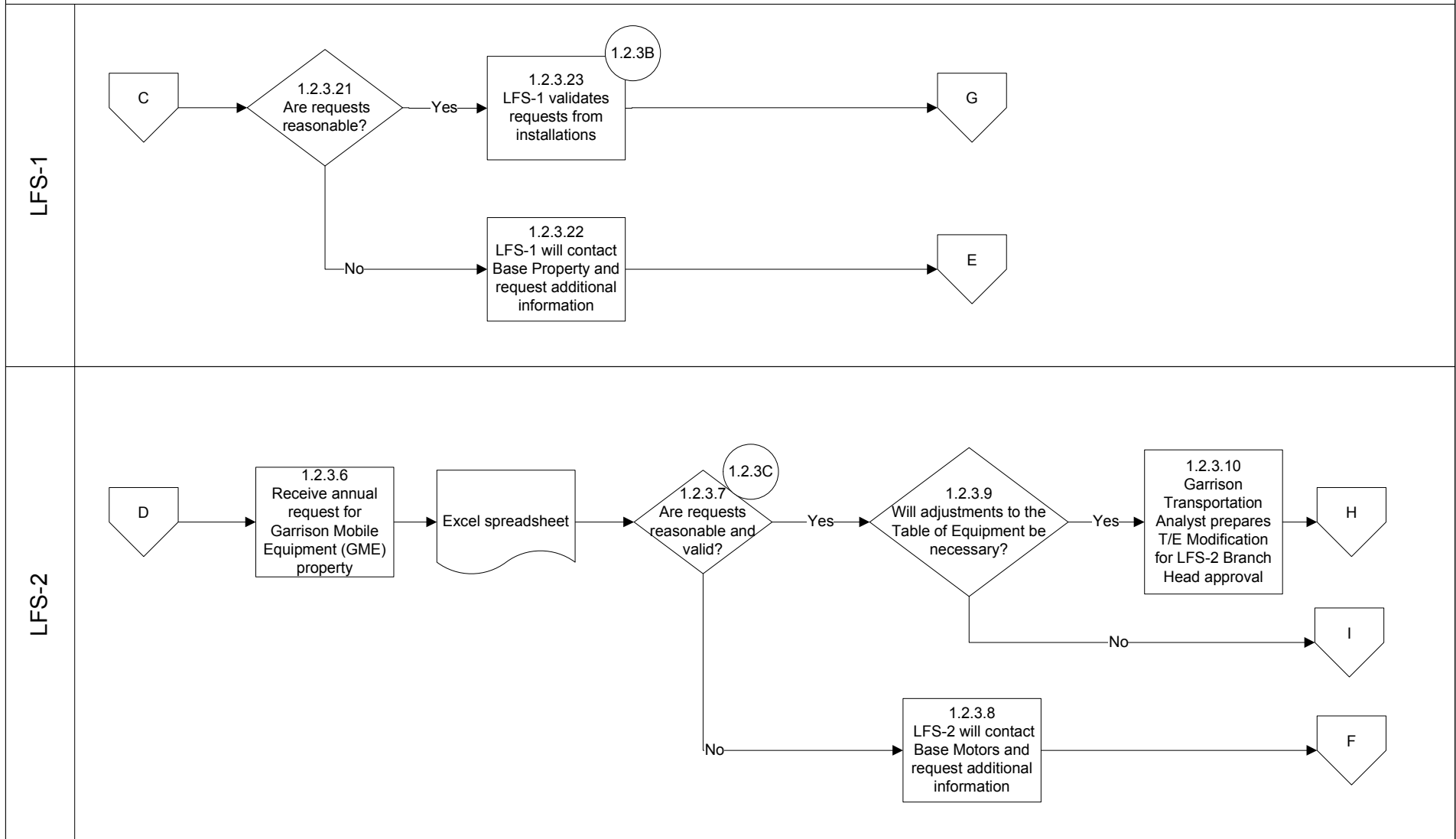




PERSONAL PROPERTY

PP-1.2, Funding Source

1.2.3 Secure and Confirm Funding for Capital Assets, Page 3



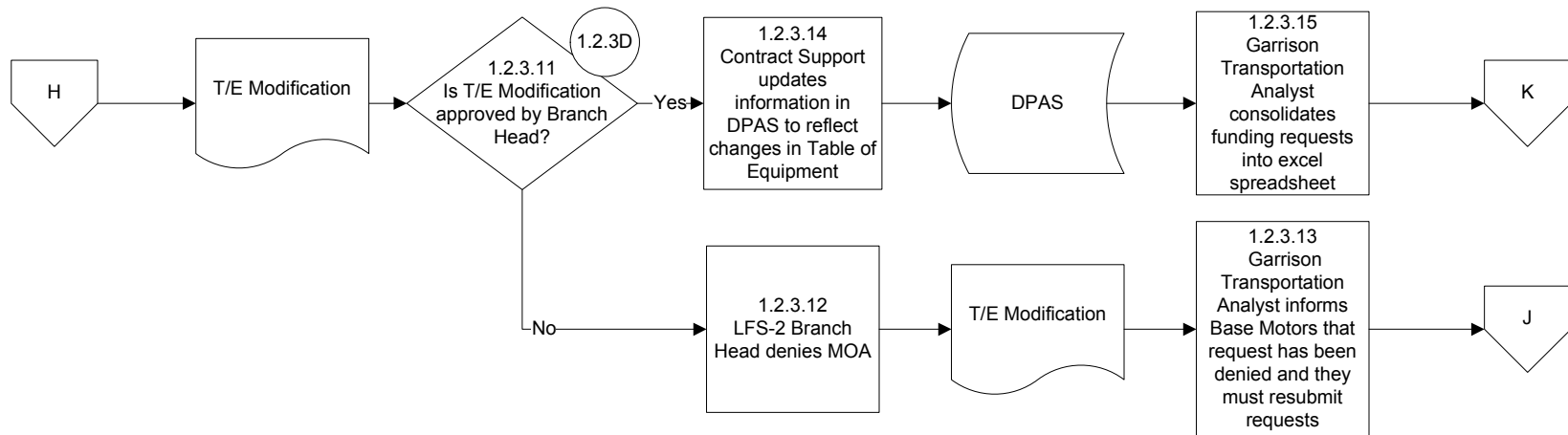


PERSONAL PROPERTY

PP-1.2, Funding Source

1.2.3 Secure and Confirm Funding for Capital Assets, Page 4

LFS-2

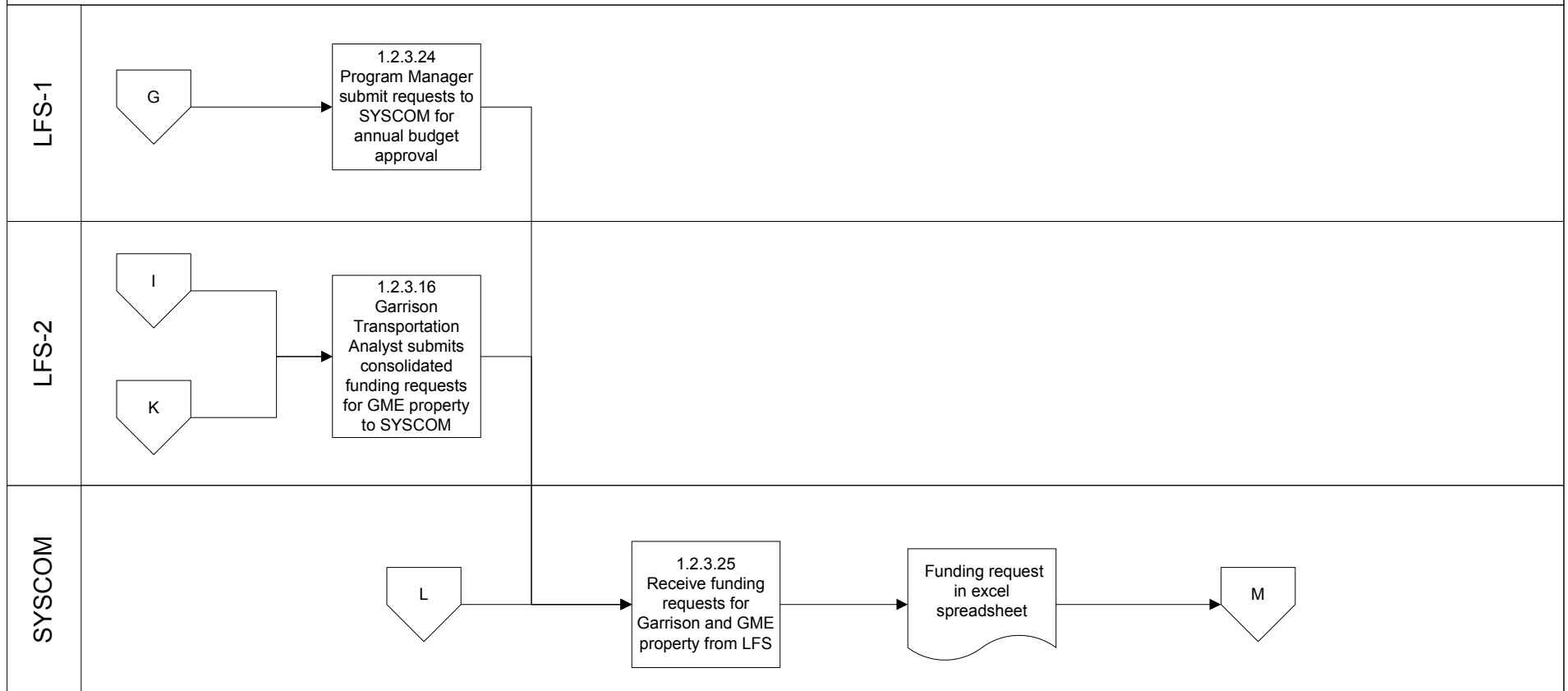




PERSONAL PROPERTY

PP-1.2, Funding Source

1.2.3 Secure and Confirm Funding for Capital Assets, Page 5

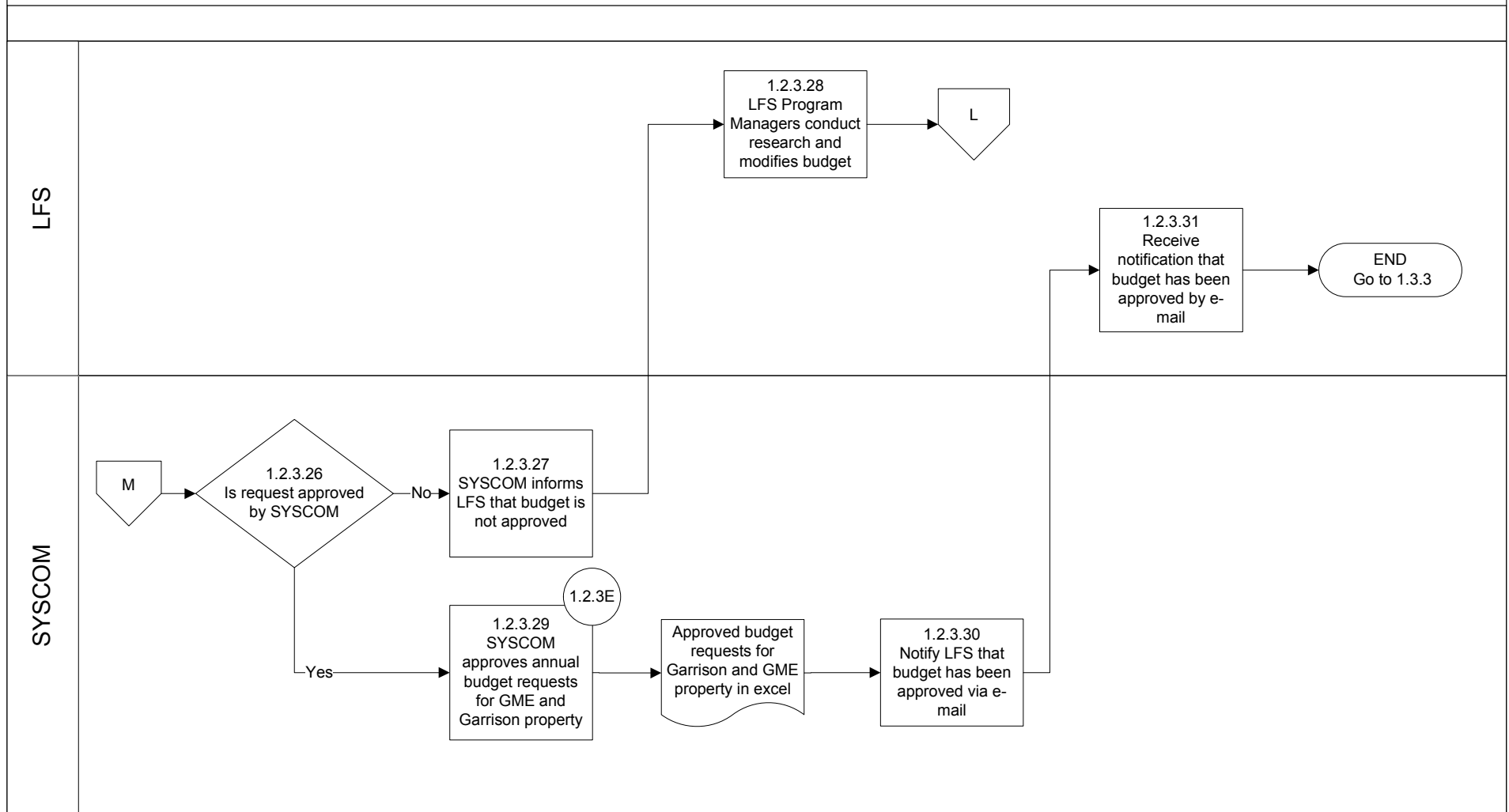




PERSONAL PROPERTY

PP-1.2, Funding Source

1.2.3 Secure and Confirm Funding for Capital Assets, Page 6

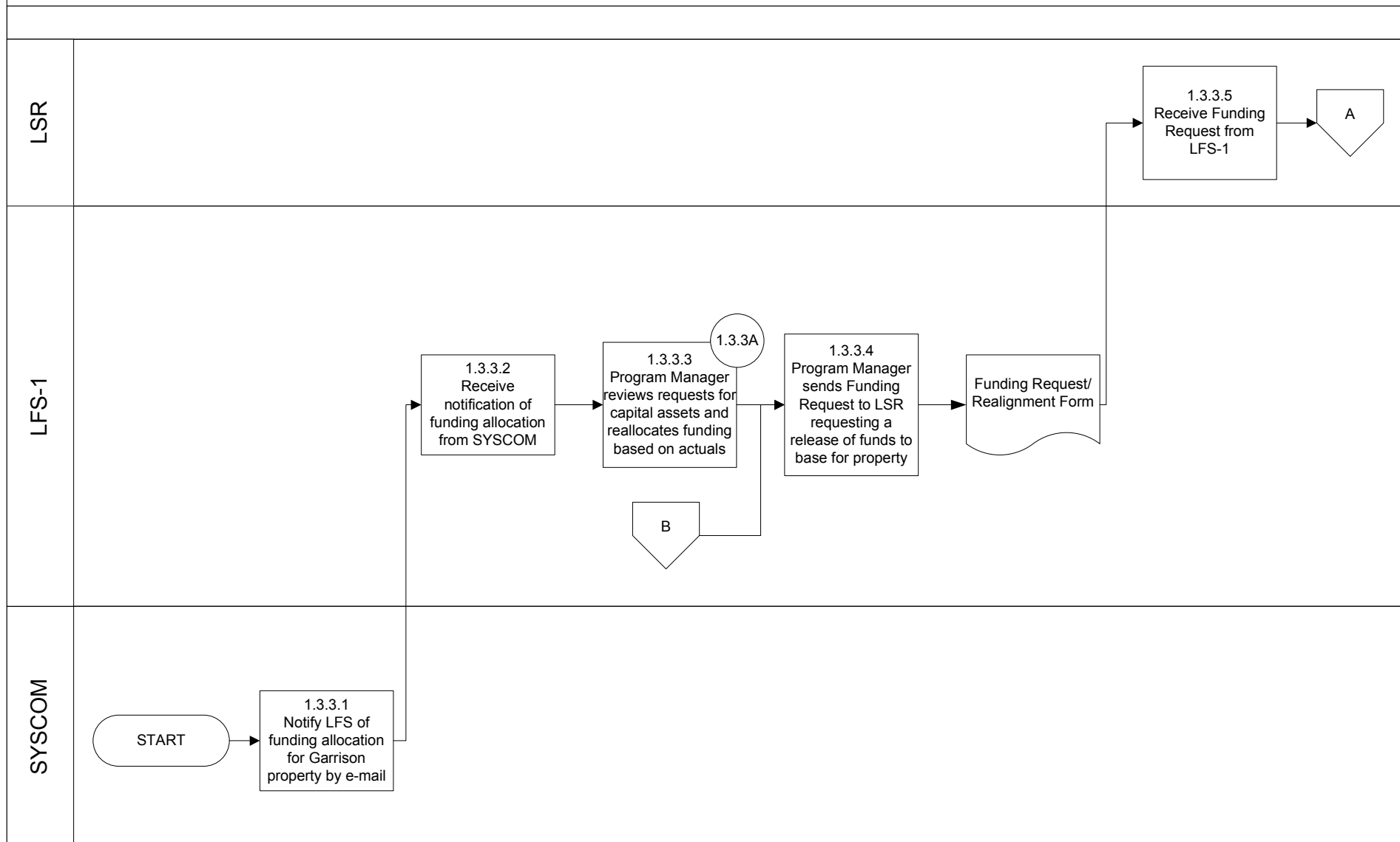




PERSONAL PROPERTY

PP-1.3, Requisitioning, Purchase, or Procurement

1.3.3 Perform Acquisition for Garrison Capital Assets, Page 1

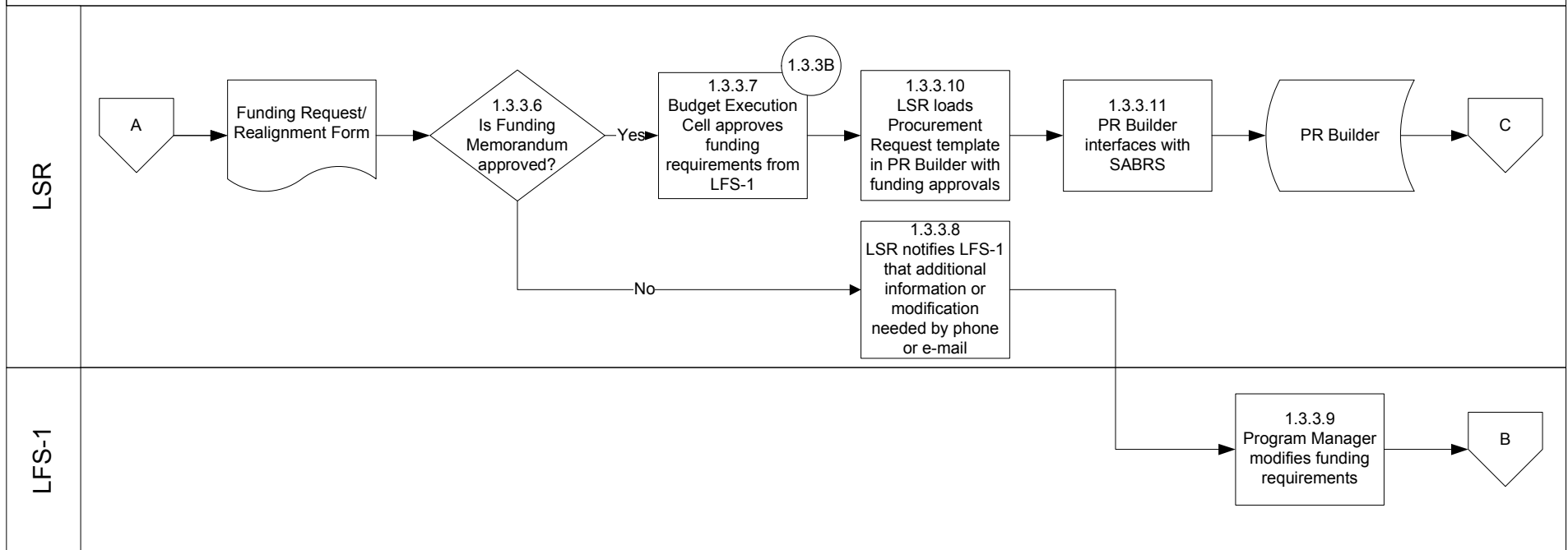




PERSONAL PROPERTY

PP-1.3, Requisitioning, Purchase, or Procurement

1.3.3 Perform Acquisition for Garrison Capital Assets, Page 2

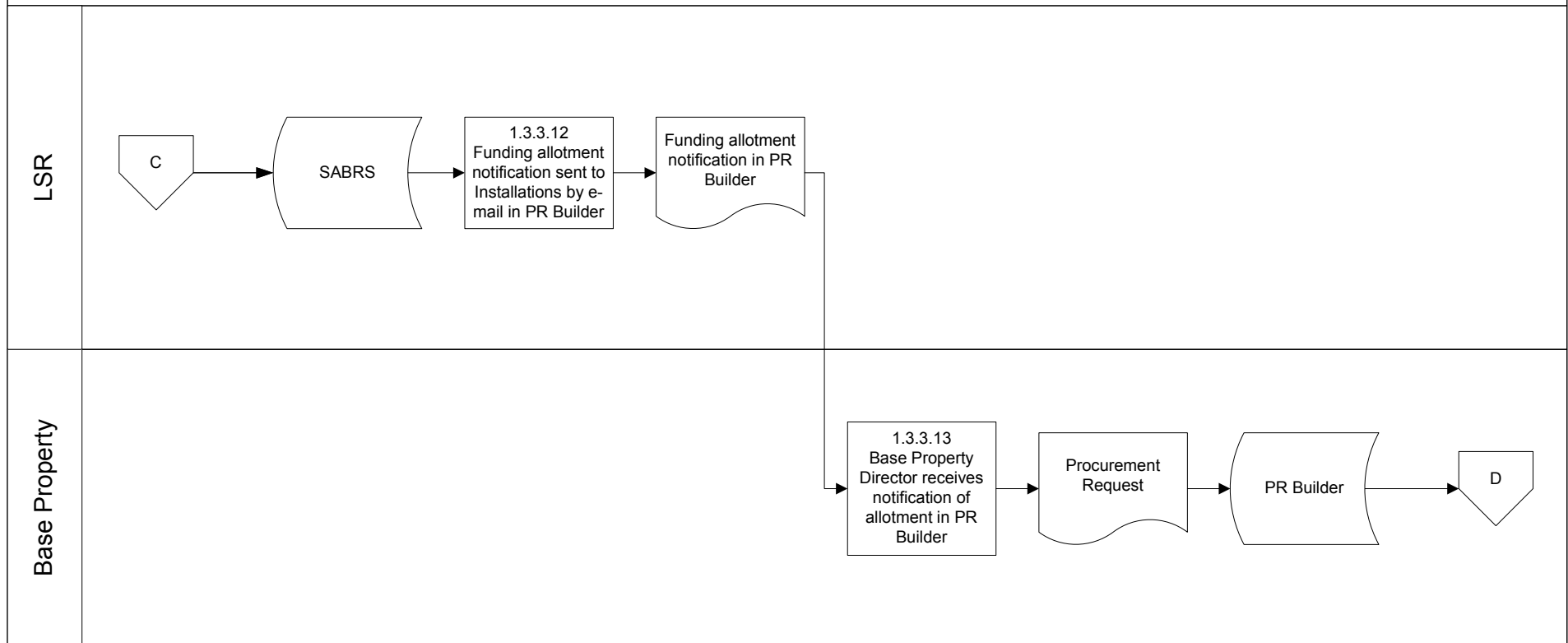




PERSONAL PROPERTY

PP-1.3, Requisitioning, Purchase, or Procurement

1.3.3 Perform Acquisition for Garrison Capital Assets, Page 3

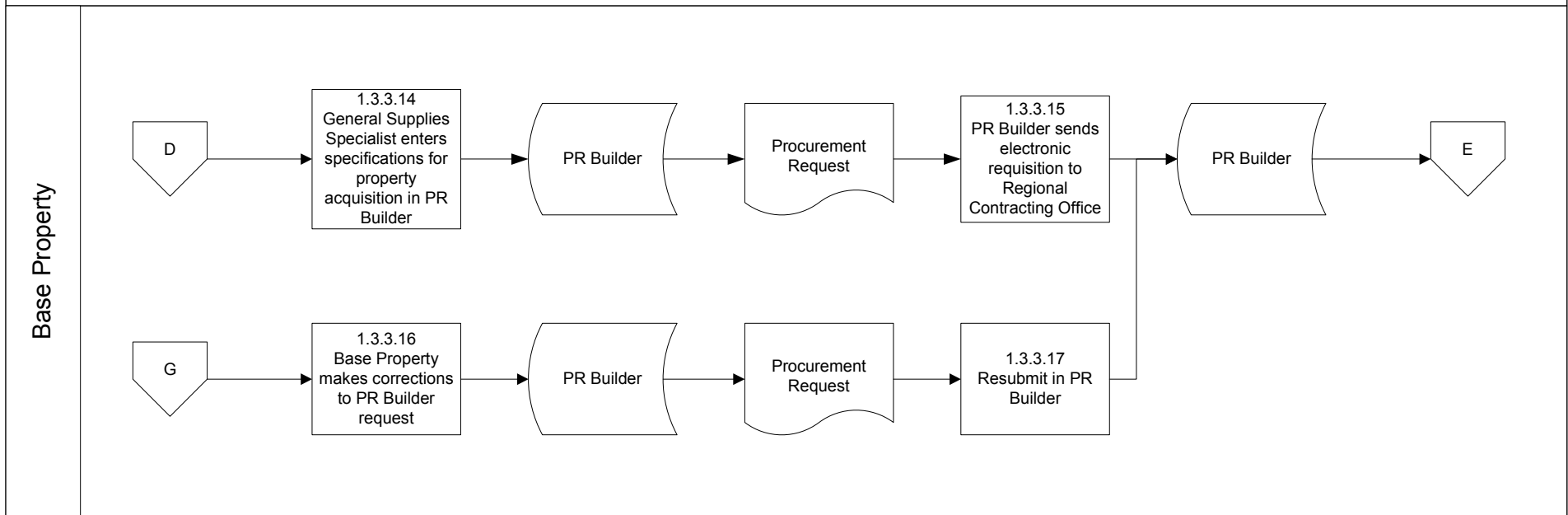




PERSONAL PROPERTY

PP-1.3, Requisitioning, Purchase, or Procurement

1.3.3 Perform Acquisition for Garrison Capital Assets, Page 4

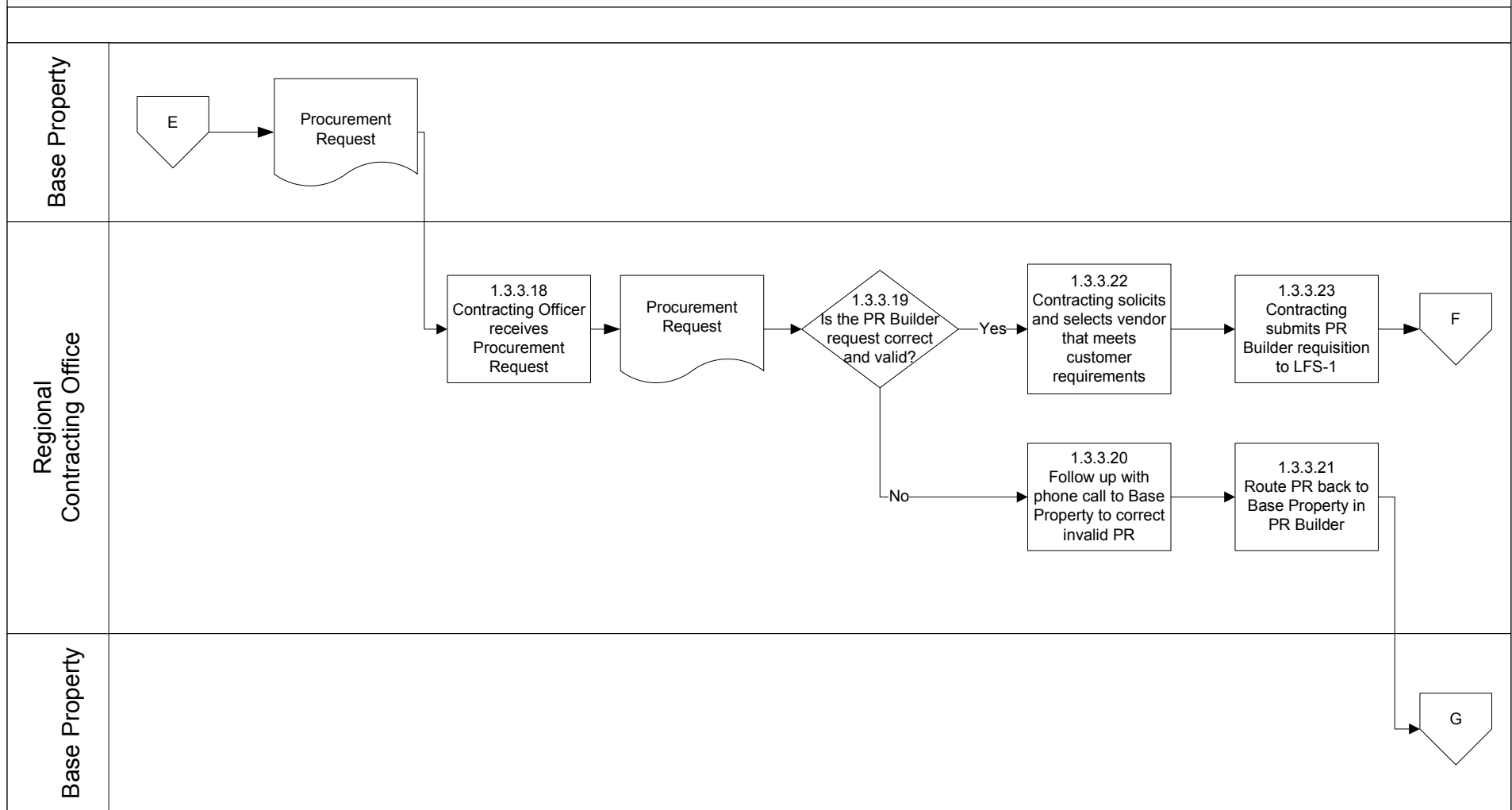




PERSONAL PROPERTY

PP-1.3, Requisitioning, Purchase, or Procurement

1.3.3 Perform Acquisition for Garrison Capital Assets, Page 5

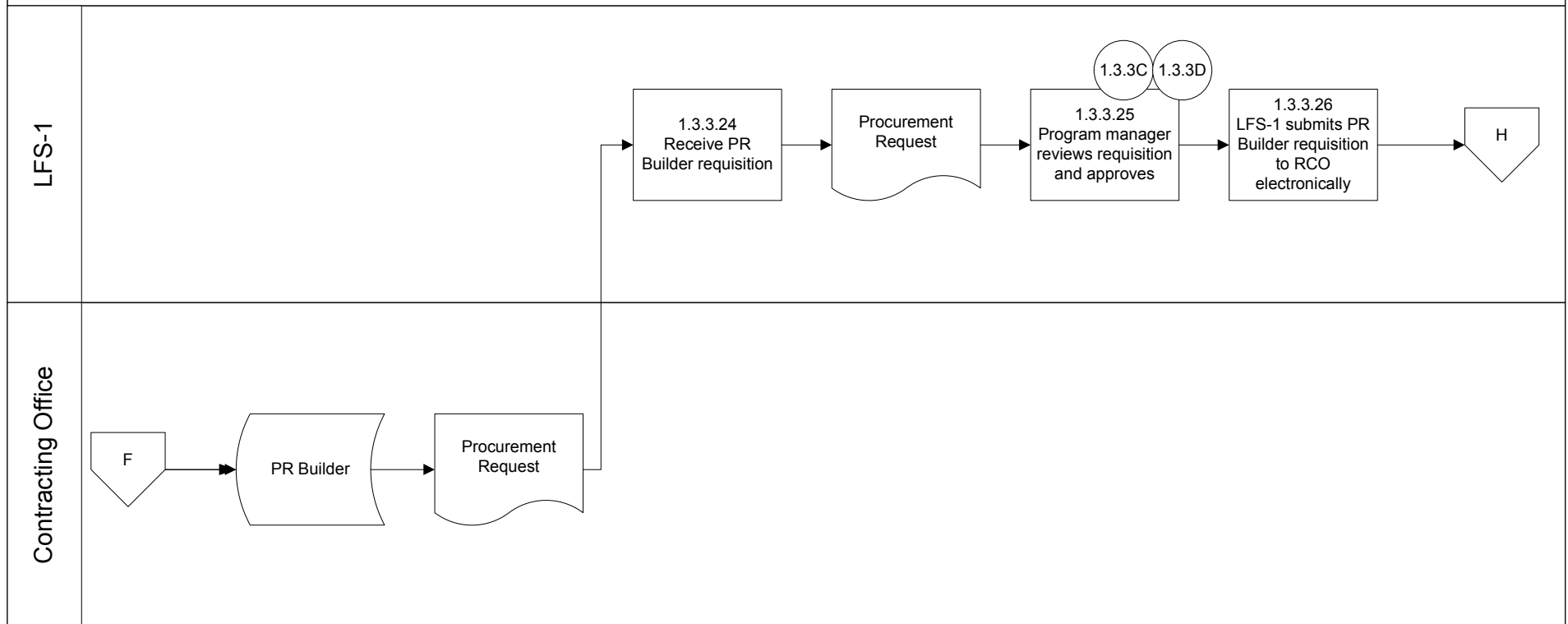




PERSONAL PROPERTY

PP-1.3, Requisitioning, Purchase, or Procurement

1.3.3 Perform Acquisition for Garrison Capital Assets, Page 6

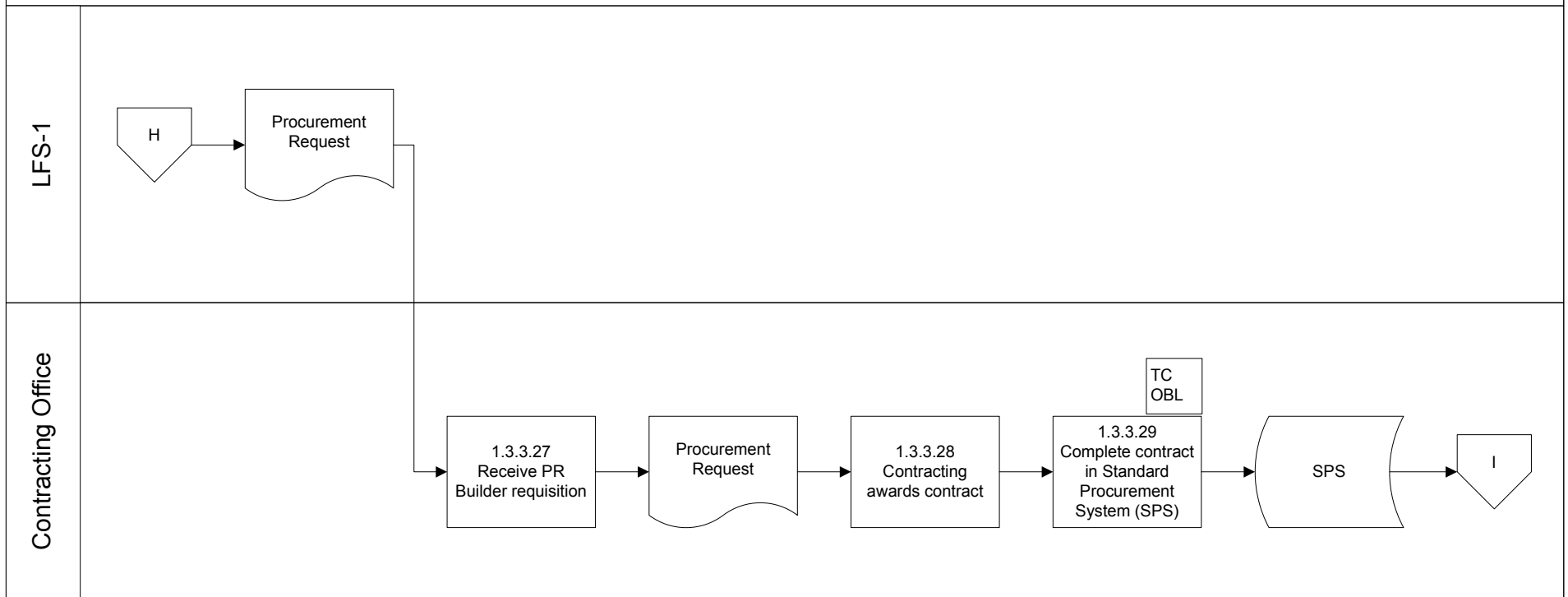




PERSONAL PROPERTY

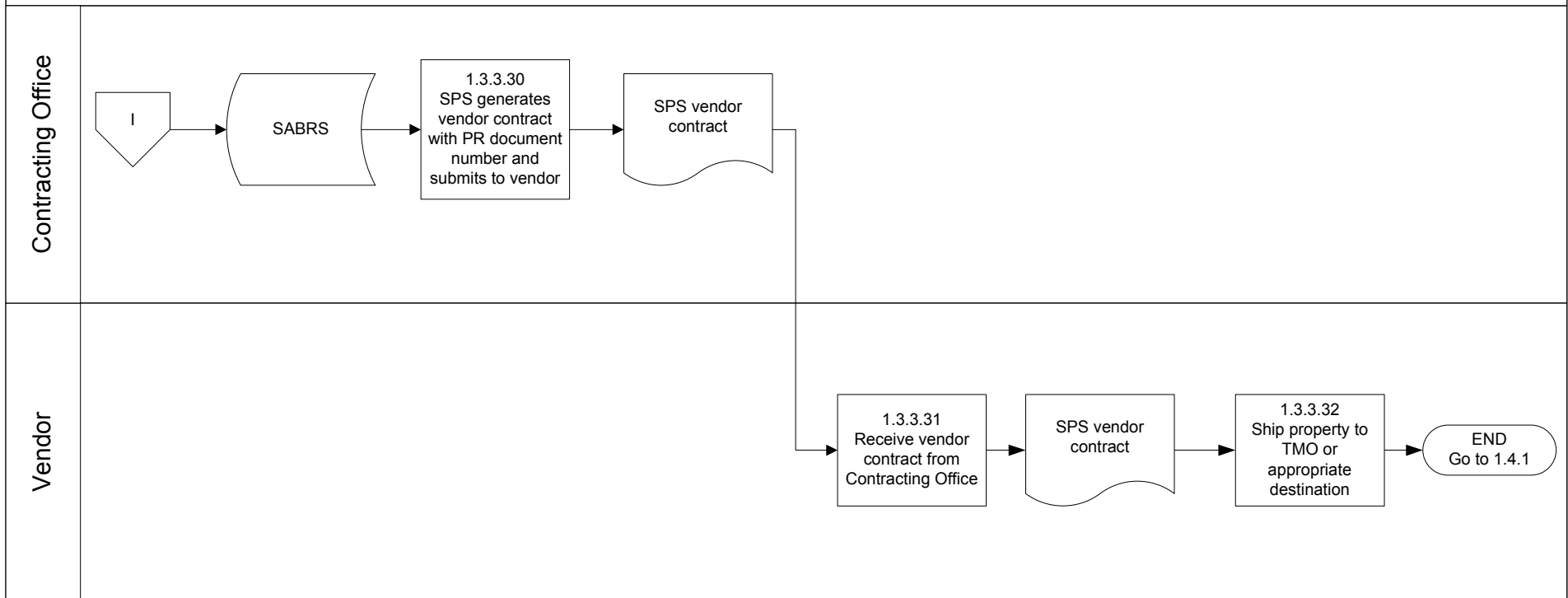
PP-1.3, Requisitioning, Purchase, or Procurement

1.3.3 Perform Acquisition for Garrison Capital Assets, Page 7





PERSONAL PROPERTY
PP-1.3, Requisitioning, Purchase, or Procurement
1.3.3 Perform Acquisition for Garrison Capital Assets, Page 8

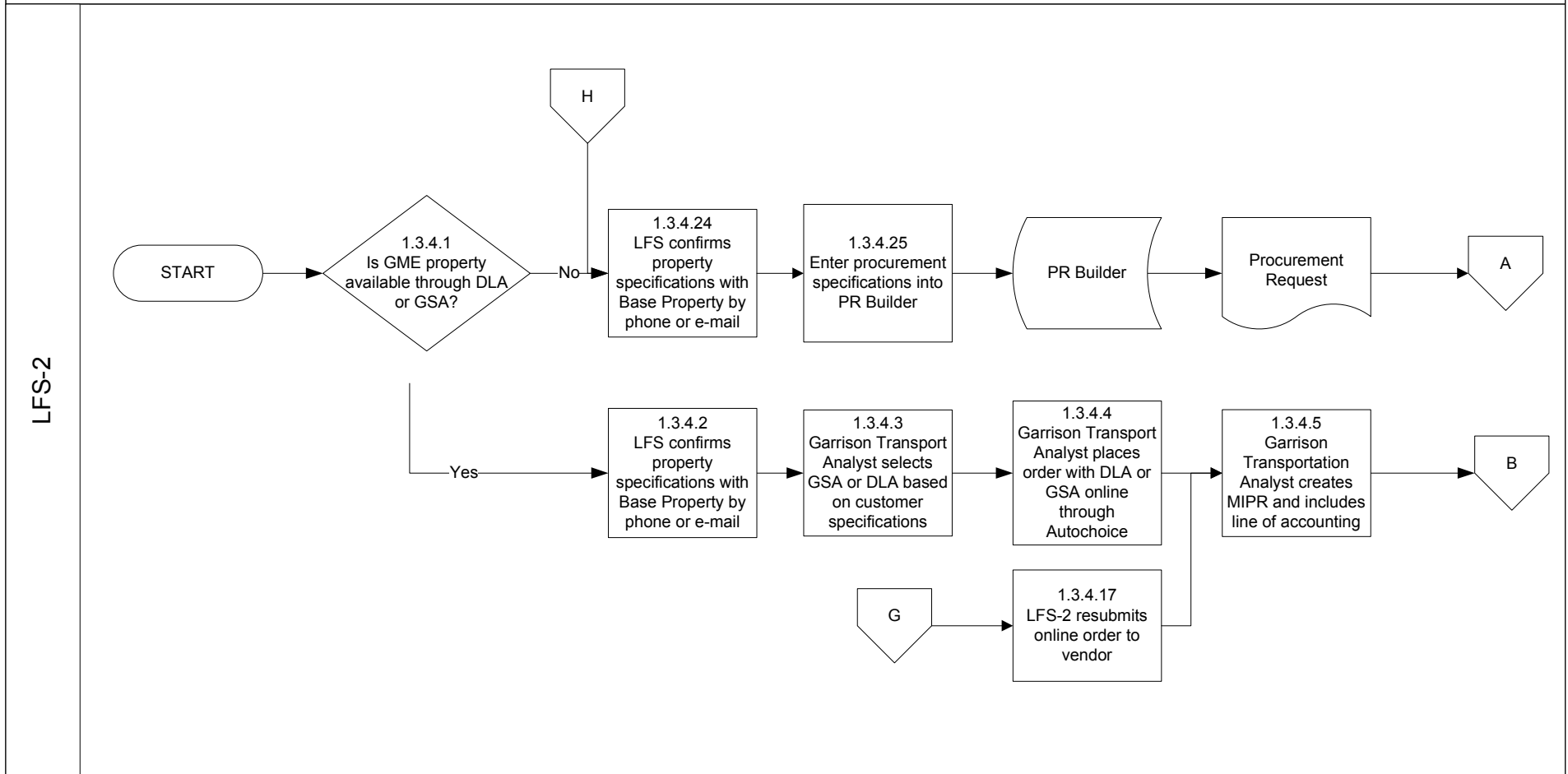




PERSONAL PROPERTY

PP-1.3, Requisitioning, Purchase, or Procurement

1.3.4 Perform Acquisition for Garrison Mobile Equipment (GME), Page 1

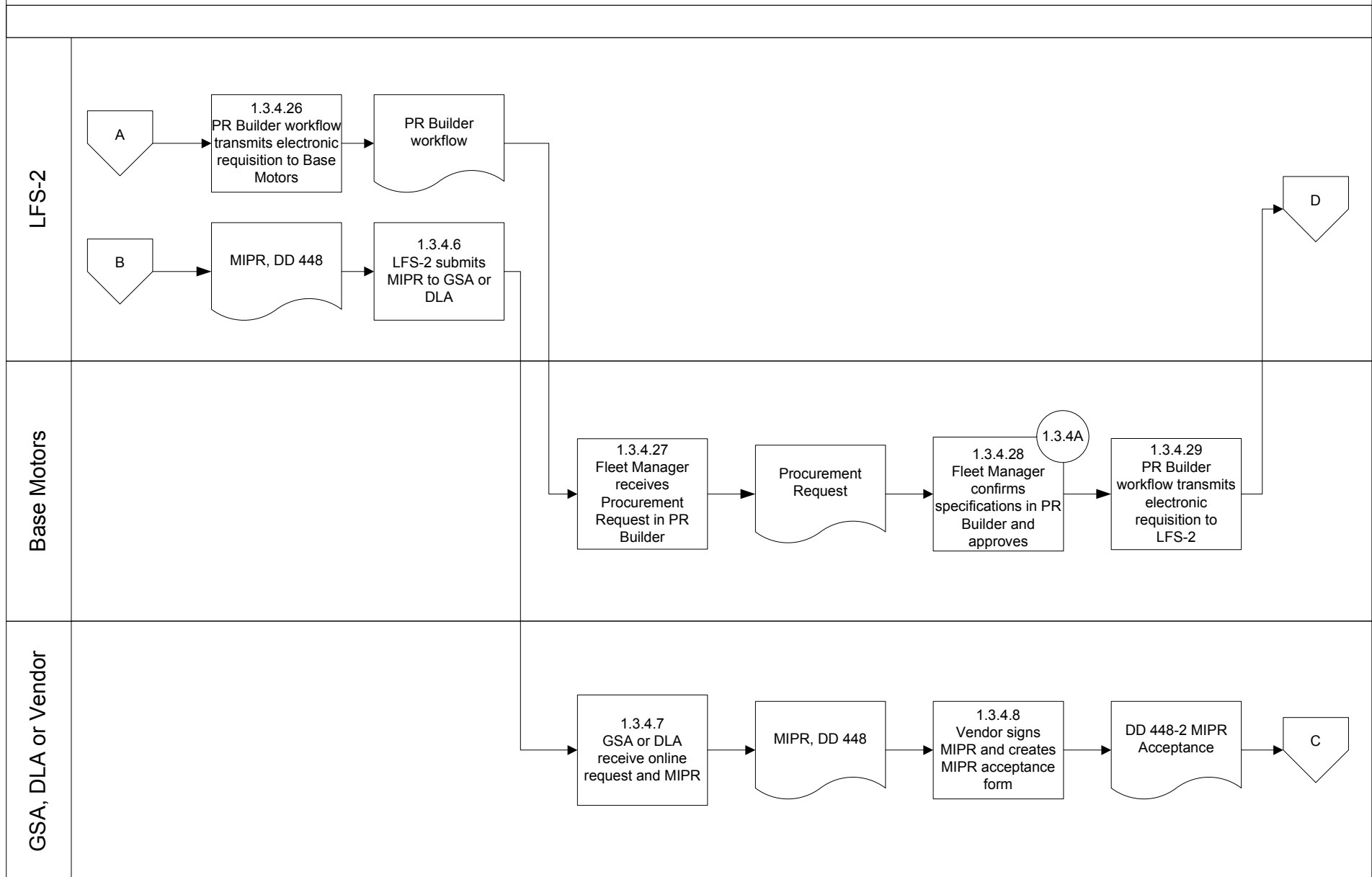




PERSONAL PROPERTY

PP-1.3, Requisitioning, Purchase, or Procurement

1.3.4 Perform Acquisition for Garrison Mobile Equipment (GME), Page 2

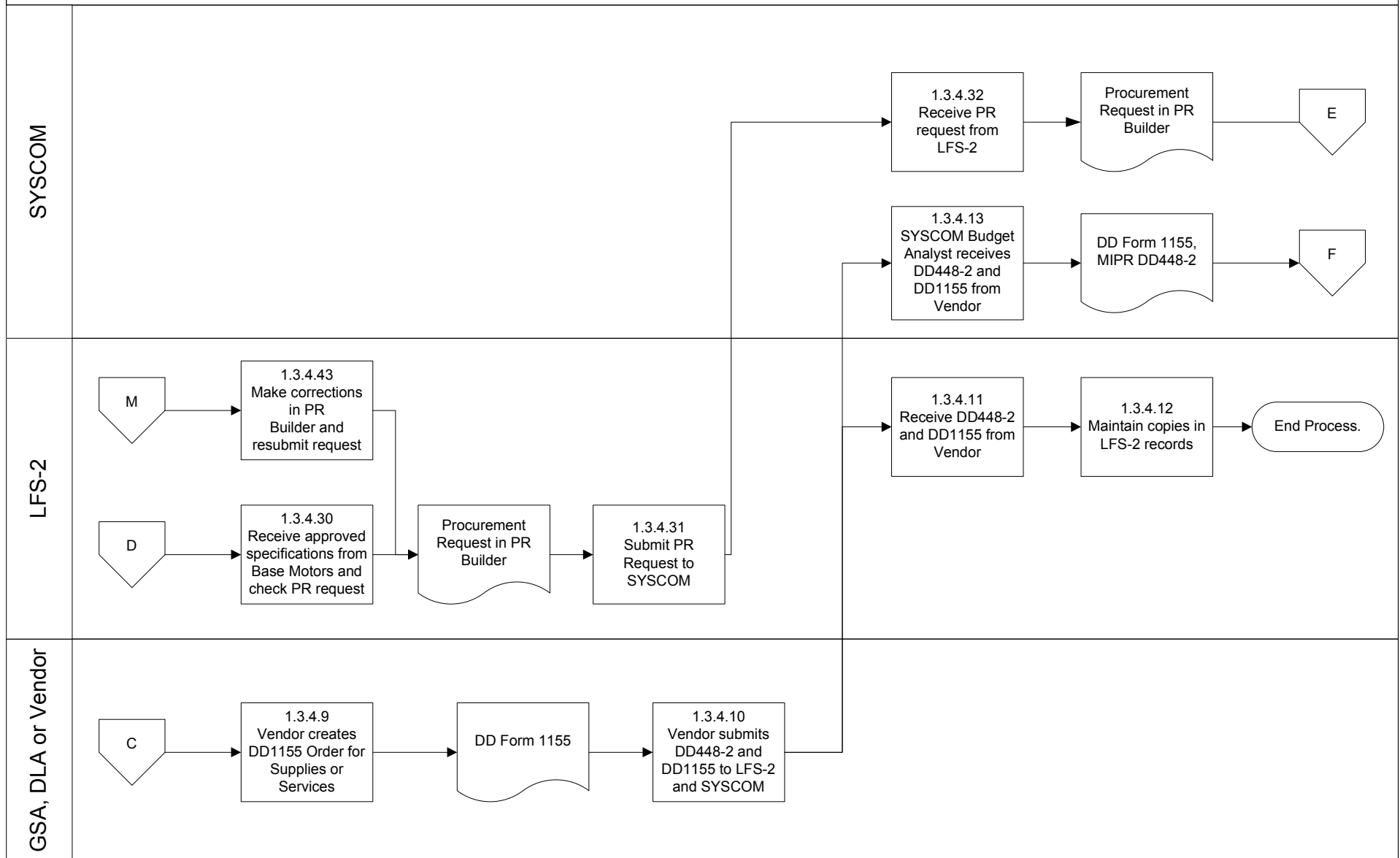




PERSONAL PROPERTY

PP-1.3, Requisitioning, Purchase, or Procurement

1.3.4 Perform Acquisition for Garrison Mobile Equipment (GME), Page 3

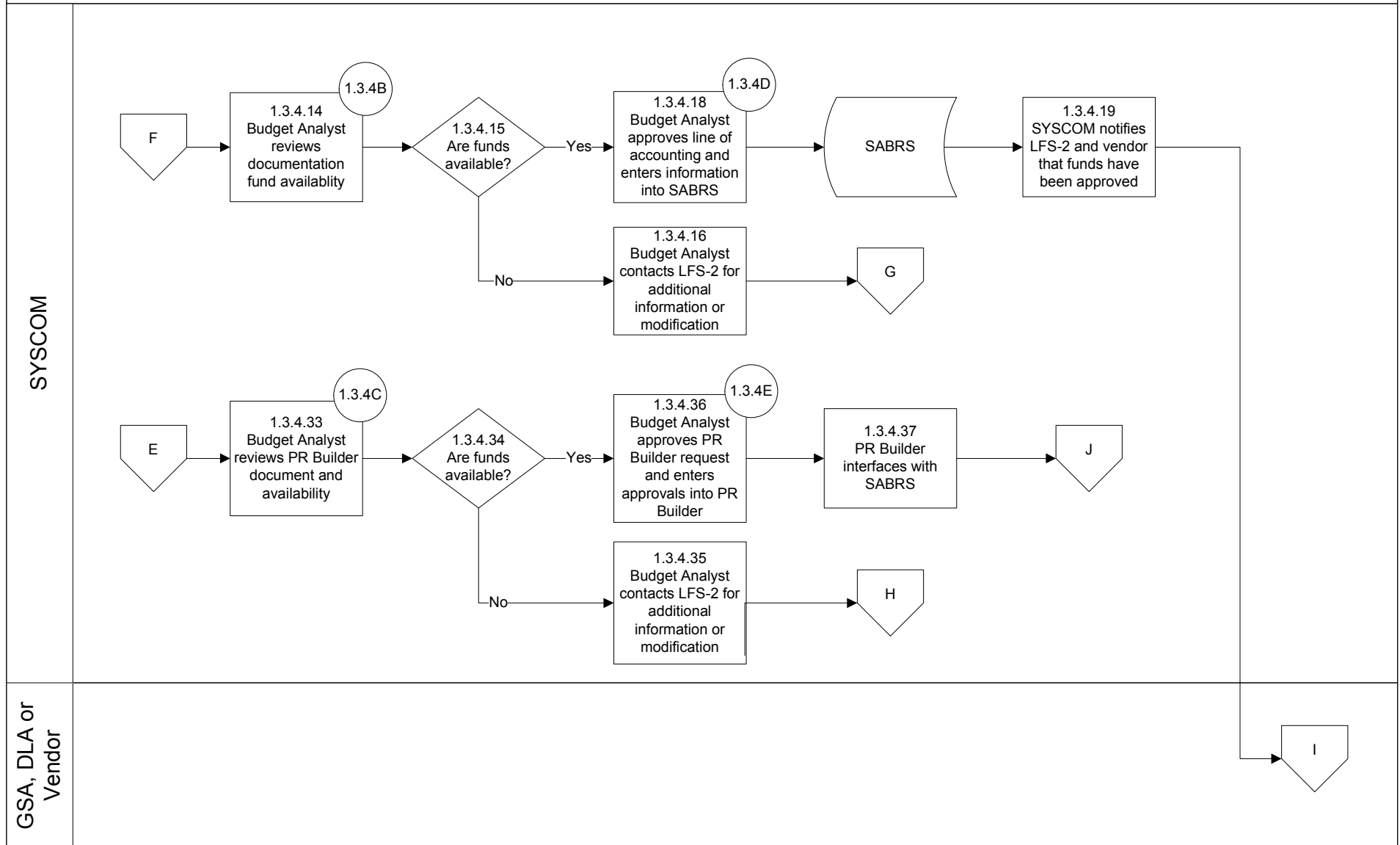




PERSONAL PROPERTY

PP-1.3, Requisitioning, Purchase, or Procurement

1.3.4 Perform Acquisition for Garrison Mobile Equipment (GME), Page 4

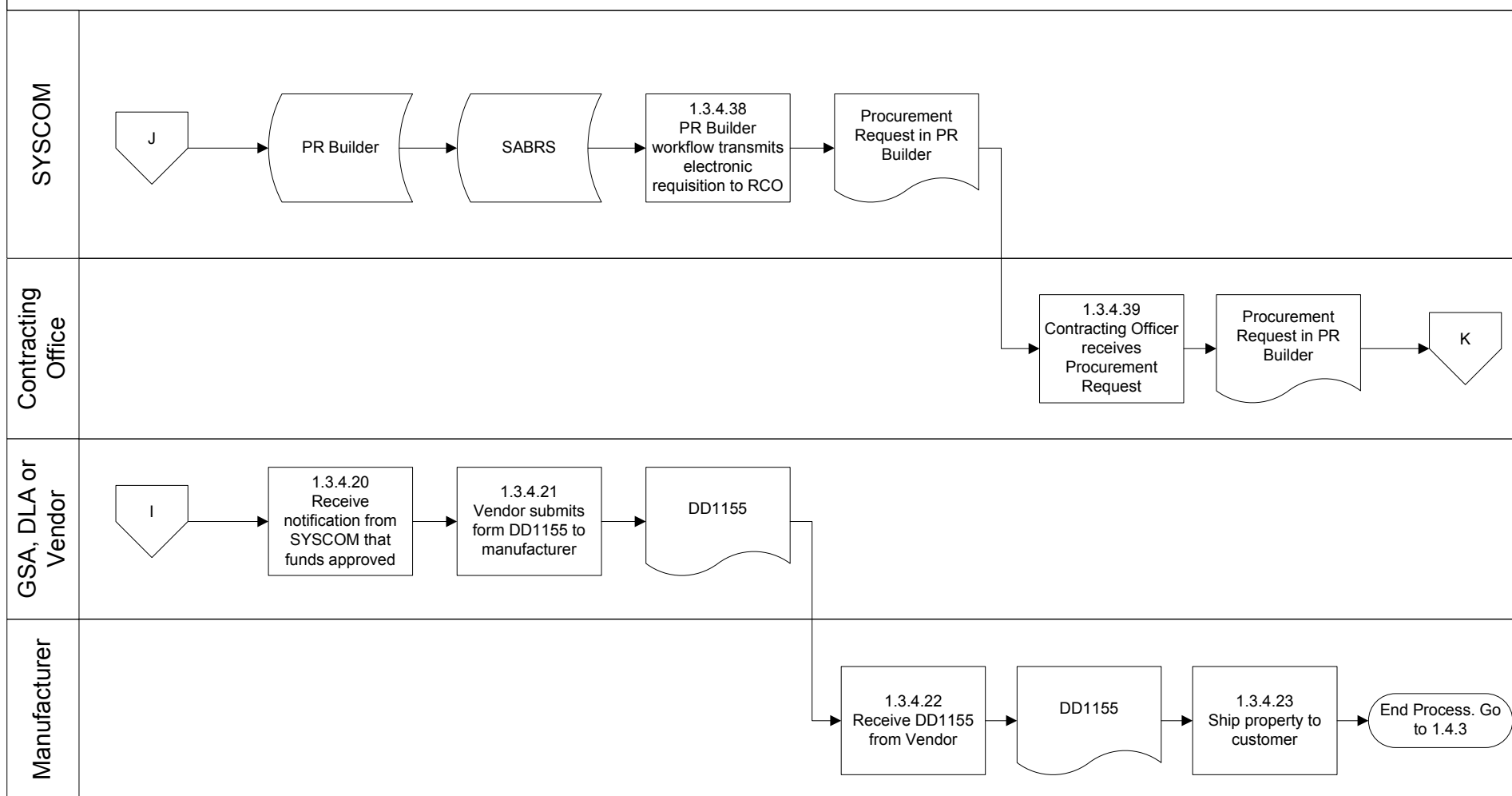




PERSONAL PROPERTY

PP-1.3, Requisitioning, Purchase, or Procurement

1.3.4 Perform Acquisition for Garrison Mobile Equipment (GME), Page 5

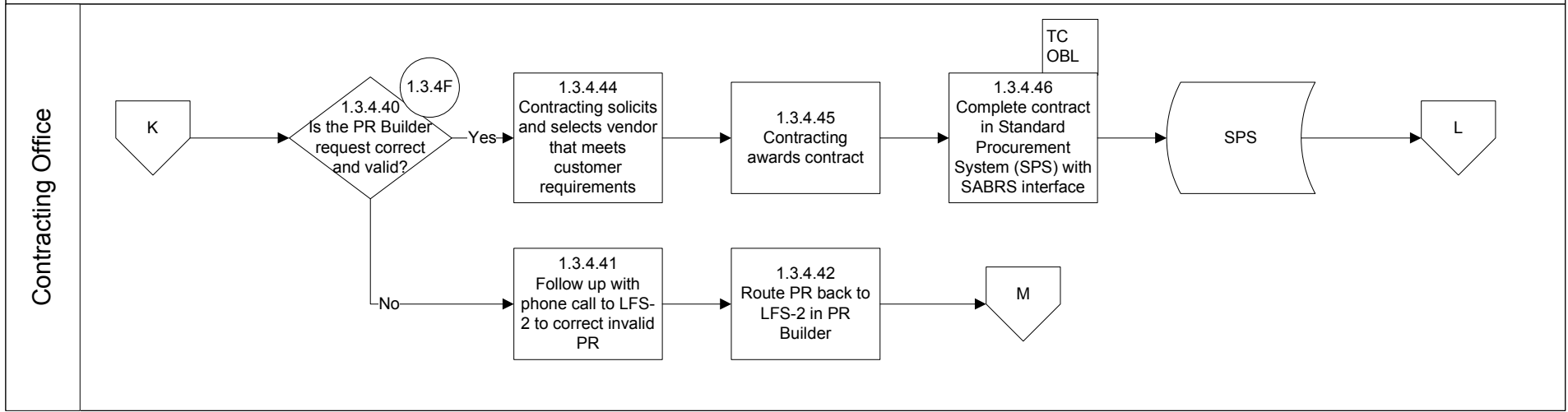




PERSONAL PROPERTY

PP-1.3, Requisitioning, Purchase, or Procurement

1.3.4 Perform Acquisition for Garrison Mobile Equipment (GME), Page 6

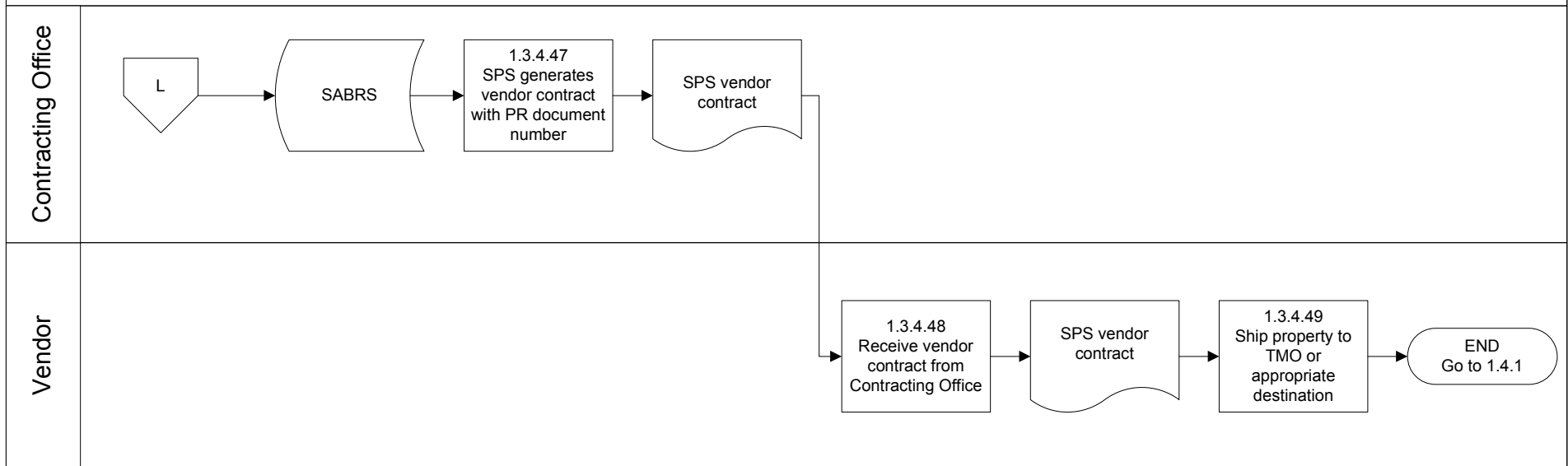




PERSONAL PROPERTY

PP-1.3, Requisitioning, Purchase, or Procurement

1.3.4 Perform Acquisition for Garrison Mobile Equipment (GME), Page 7



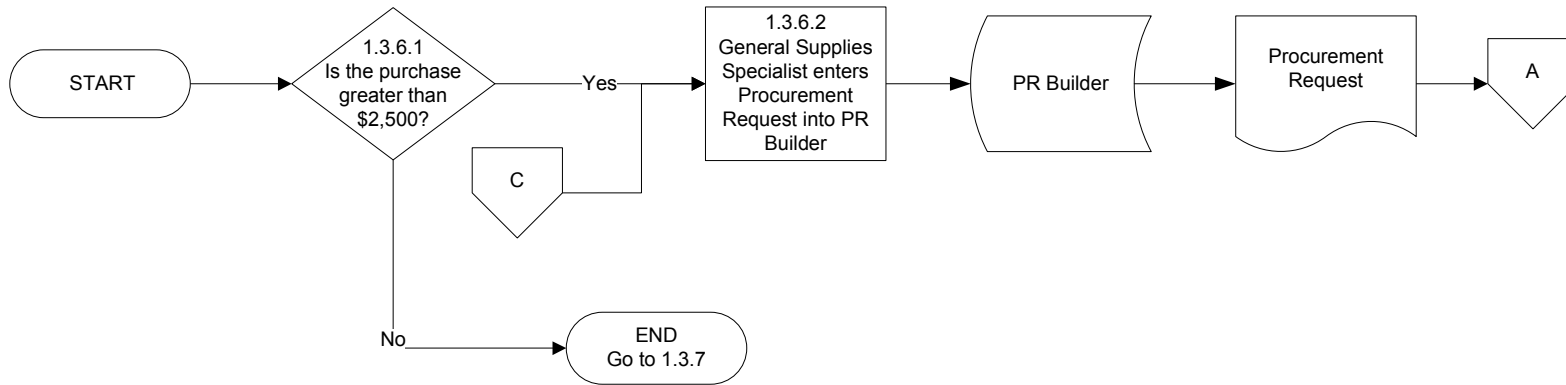


PERSONAL PROPERTY

PP-1.3, Requisitioning, Purchase or Procurement

1.3.6 Perform Contract Acquisition for Minor and Subminor Property, Page 1

Base Property

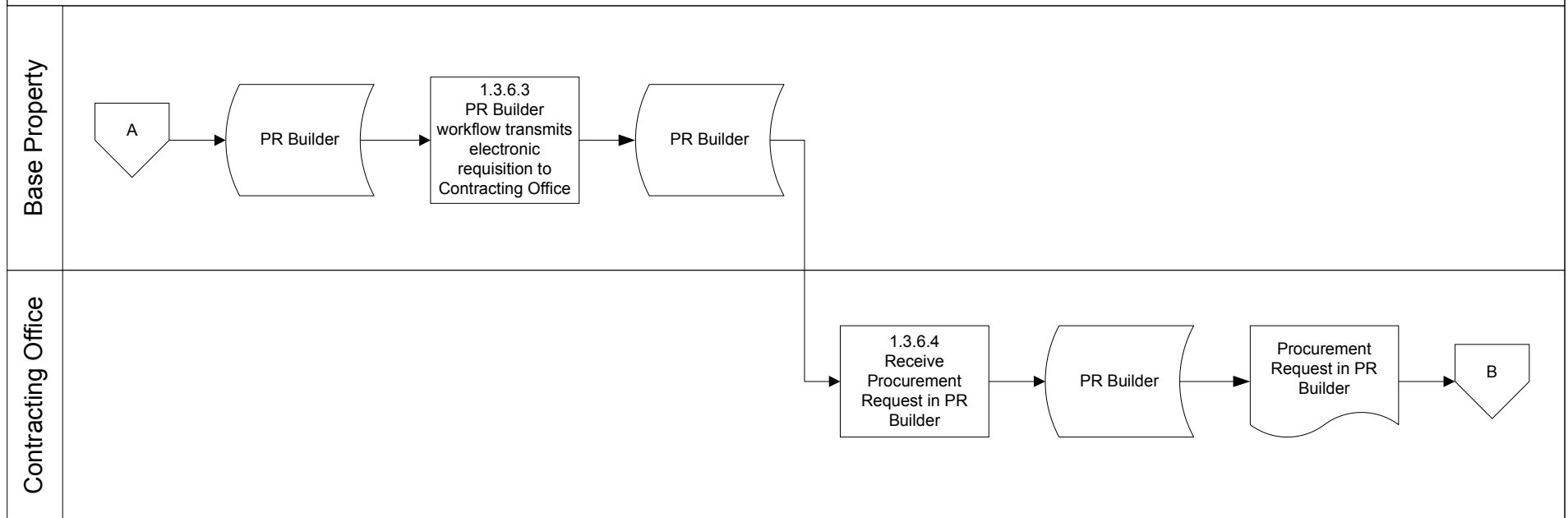




PERSONAL PROPERTY

PP-1.3, Requisitioning, Purchase or Procurement

1.3.6 Perform Contract Acquisition for Minor and Subminor Property, Page 2

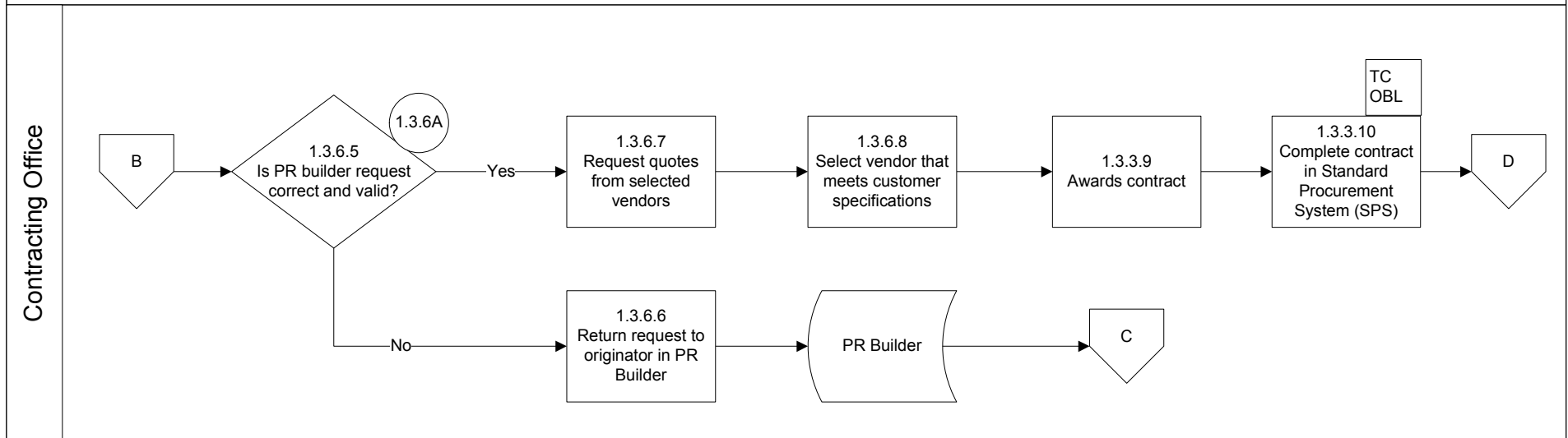




PERSONAL PROPERTY

PP-1.3, Requisitioning, Purchase or Procurement

1.3.6 Perform Contract Acquisition for Minor and Subminor Property, Page 3

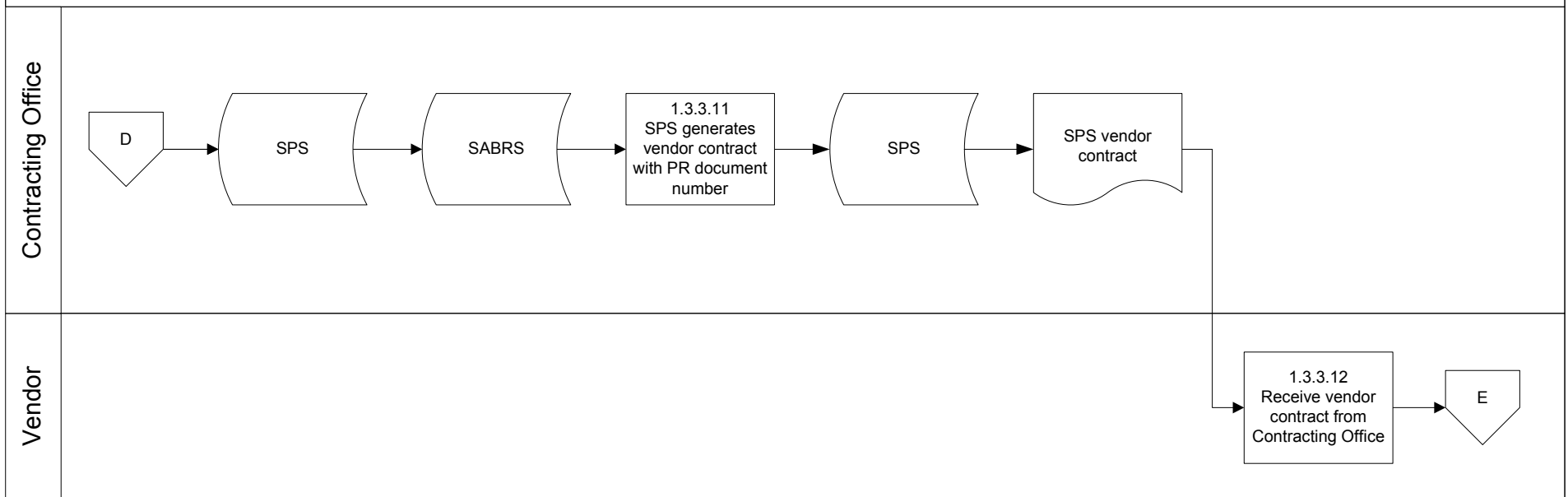




PERSONAL PROPERTY

PP-1.3, Requisitioning, Purchase or Procurement

1.3.6 Perform Contract Acquisition for Minor and Subminor Property, Page 4



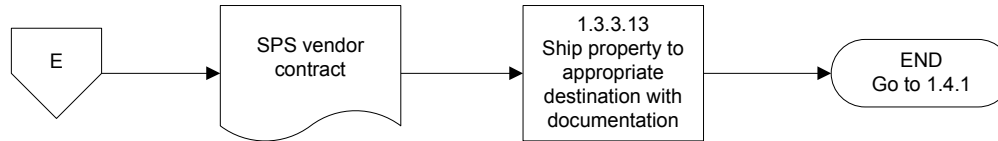


PERSONAL PROPERTY

PP-1.3, Requisitioning, Purchase or Procurement

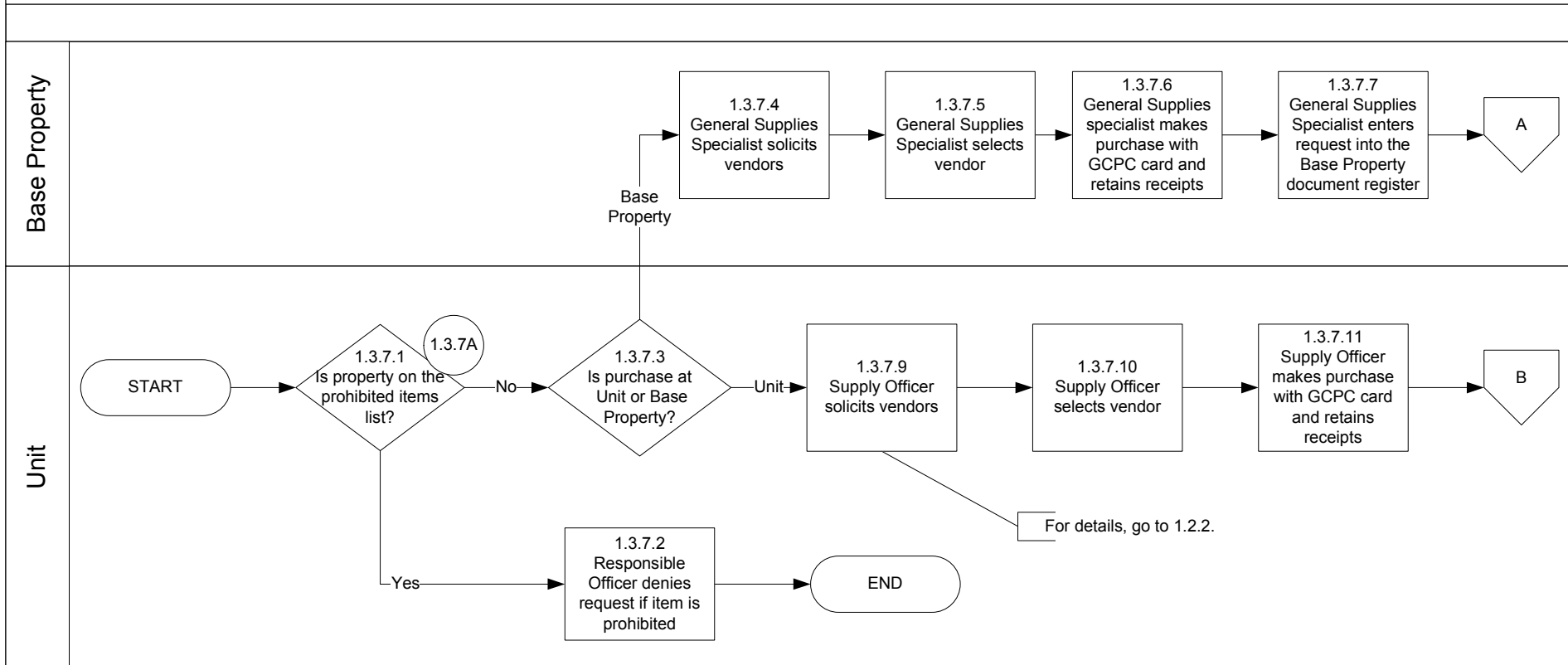
1.3.6 Perform Contract Acquisition for Minor and Subminor Property, Page 4

Vendor



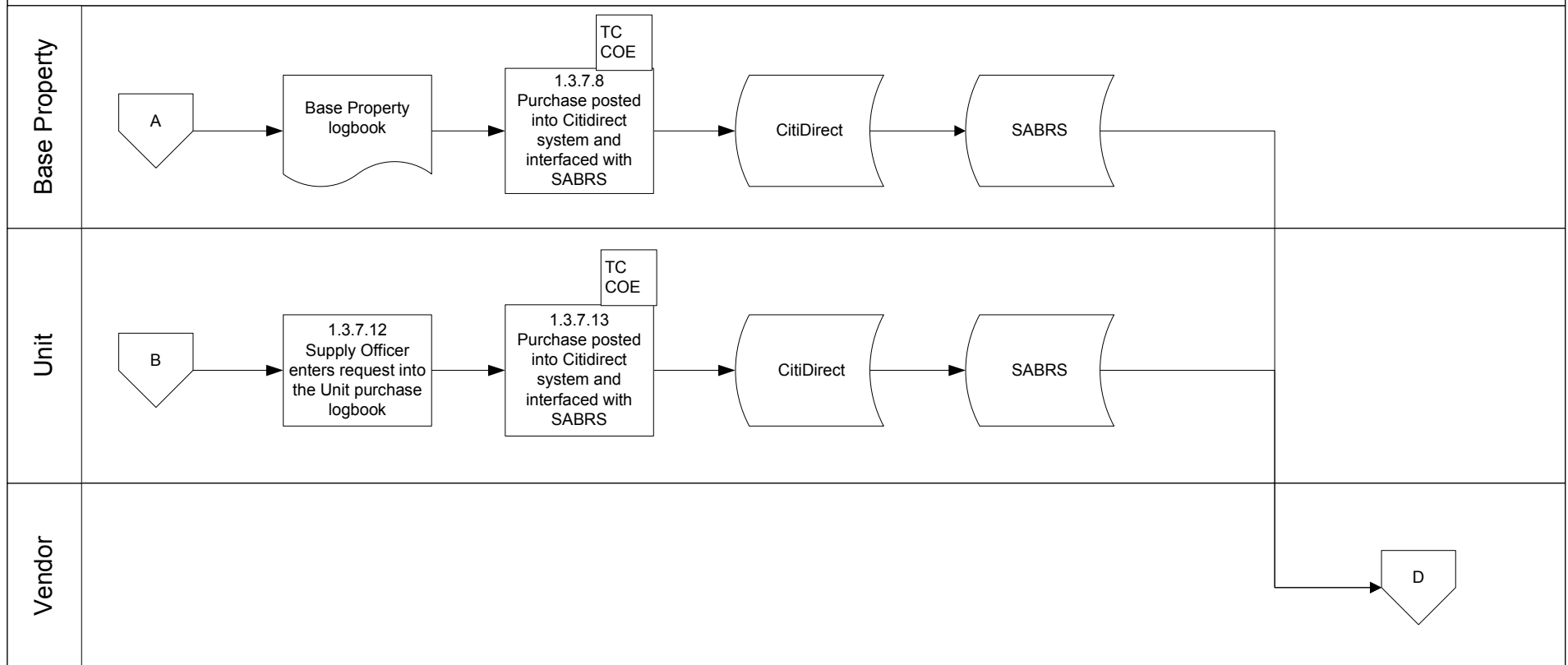


PERSONAL PROPERTY
PP-1.3, Requisition, Purchase or Procurement
1.3.7 Perform Acquisition Using GCPC Card, Page 1





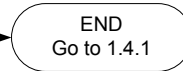
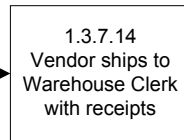
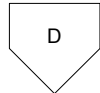
PERSONAL PROPERTY
PP-1.3, Requisition, Purchase or Procurement
1.3.7 Perform Acquisition Using GCPC Card, Page 2





PERSONAL PROPERTY
PP-1.3, Requisition, Purchase or Procurement
1.3.7 Perform Acquisition Using GCPC Card, Page 3

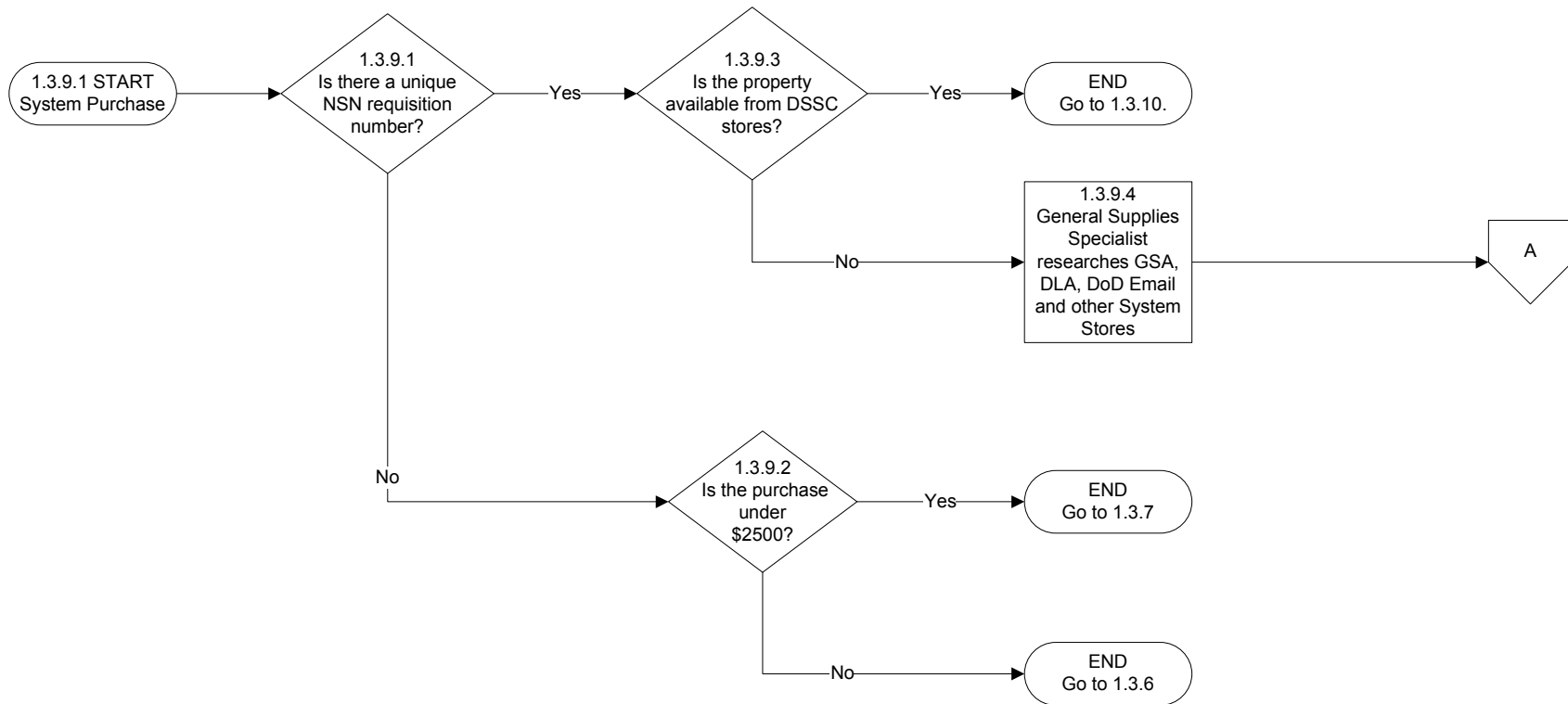
Vendor





PERSONAL PROPERTY
PP-1.3, Requisitioning, Purchase, or Procurement
1.3.9 Initiate System Purchase, Page 1

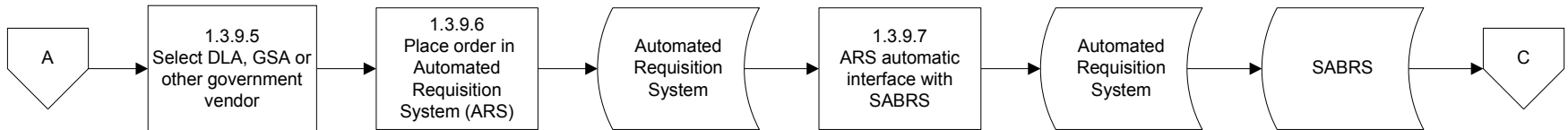
Base Property





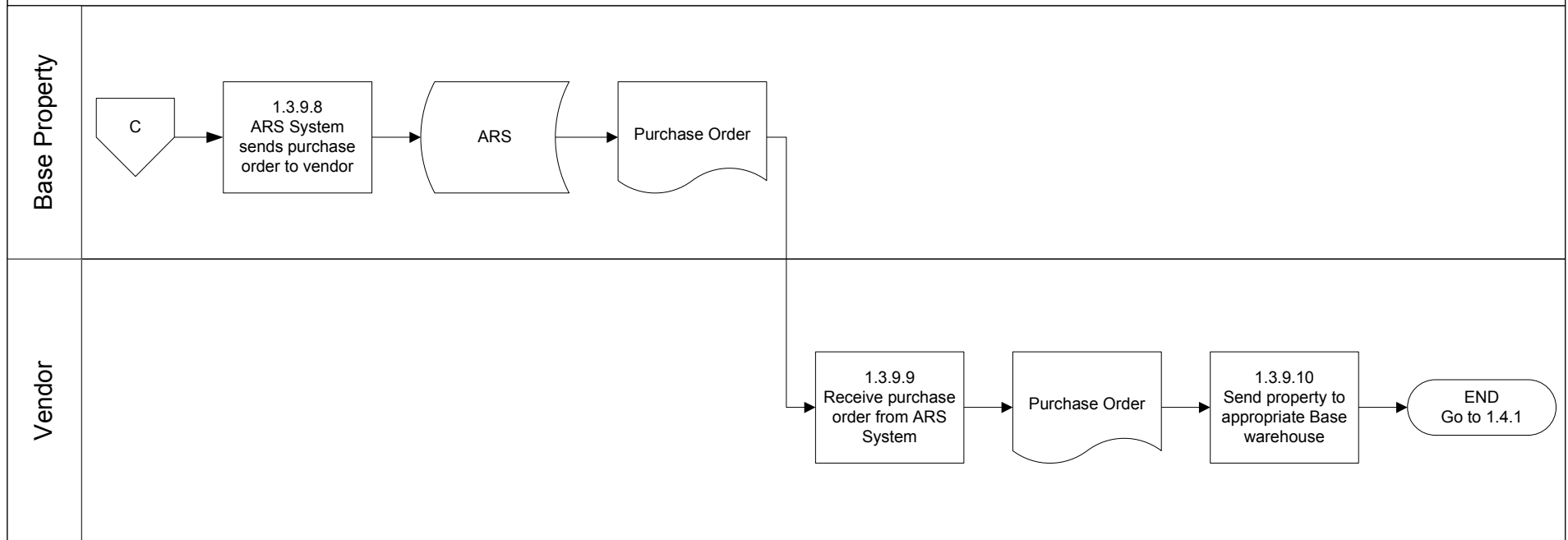
PERSONAL PROPERTY
PP-1.3, Requisitioning, Purchase, or Procurement
1.3.9 Initiate System Purchase, Page 2

Base Property



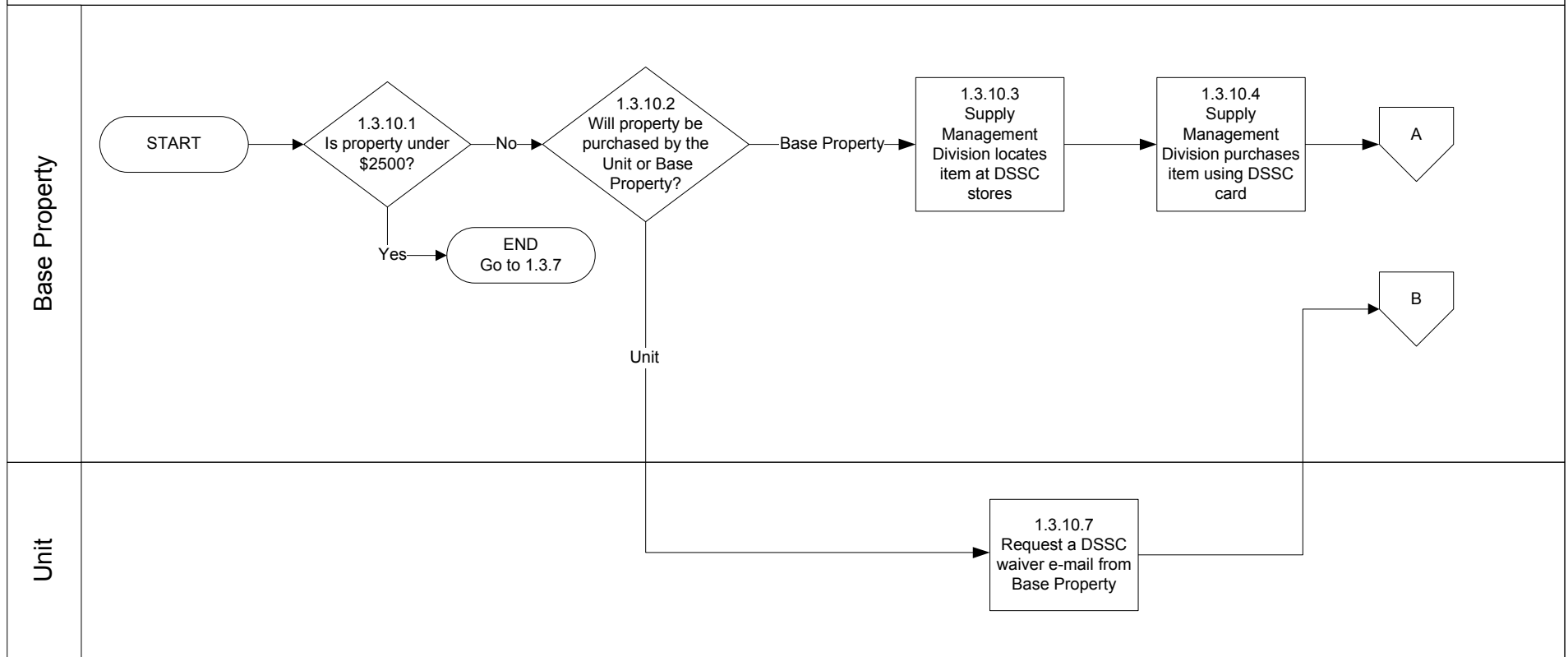


PERSONAL PROPERTY
PP-1.3, Requisitioning, Purchase, or Procurement
1.3.9 Initiate System Purchase, Page 3



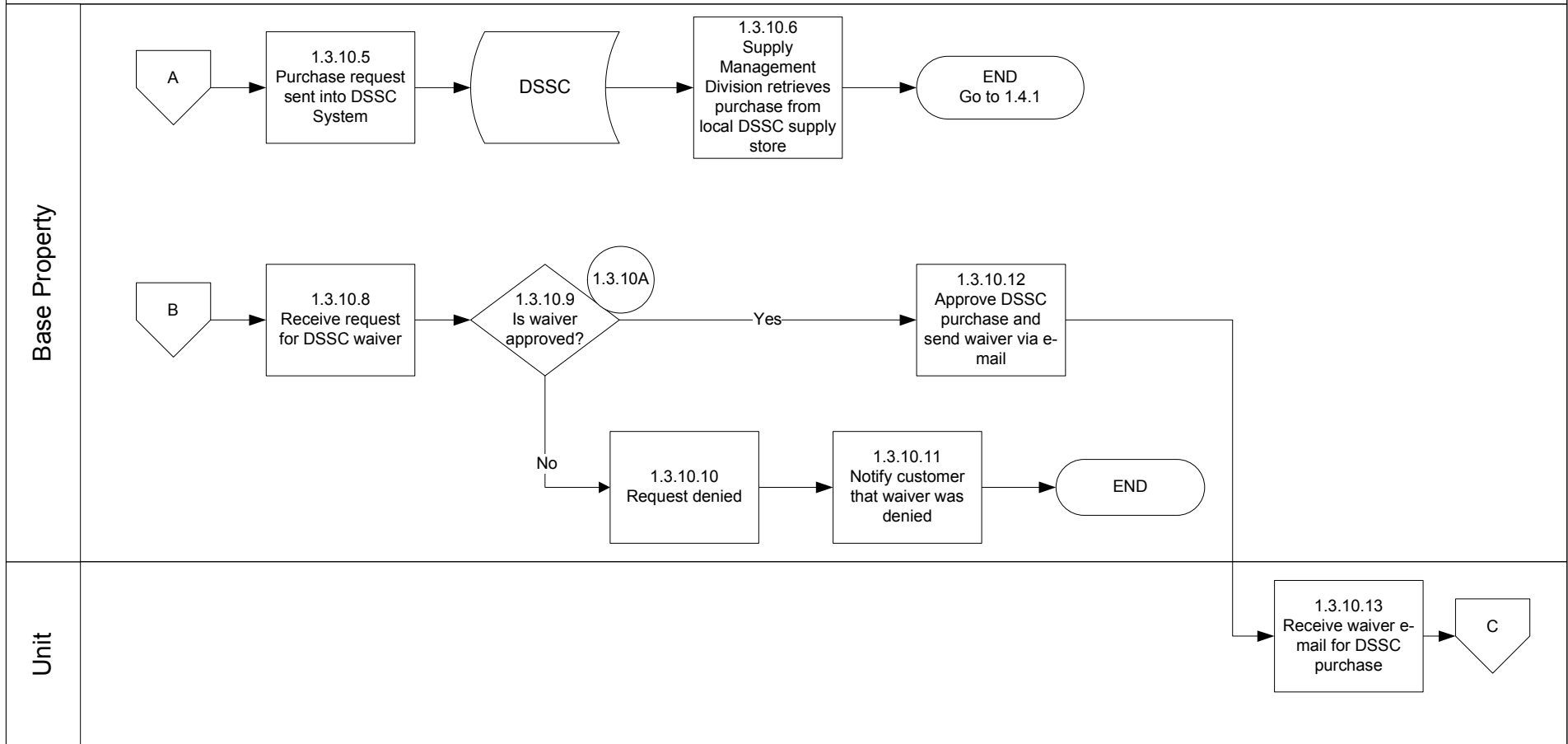


PERSONAL PROPERTY
PP-1.3, Requisitioning, Purchase, or Procurement
1.3.10 Initiate DSSC Purchase, Page 1





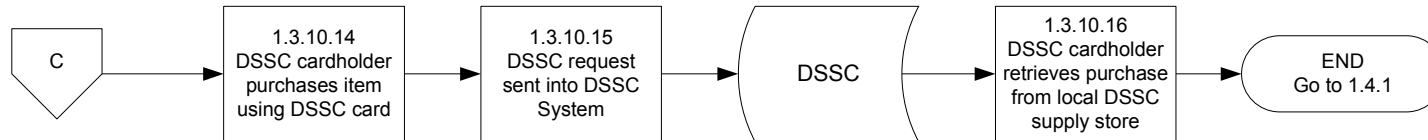
PERSONAL PROPERTY
PP-1.3, Requisitioning, Purchase, or Procurement
1.3.10 Initiate DSSC Purchase, Page 2





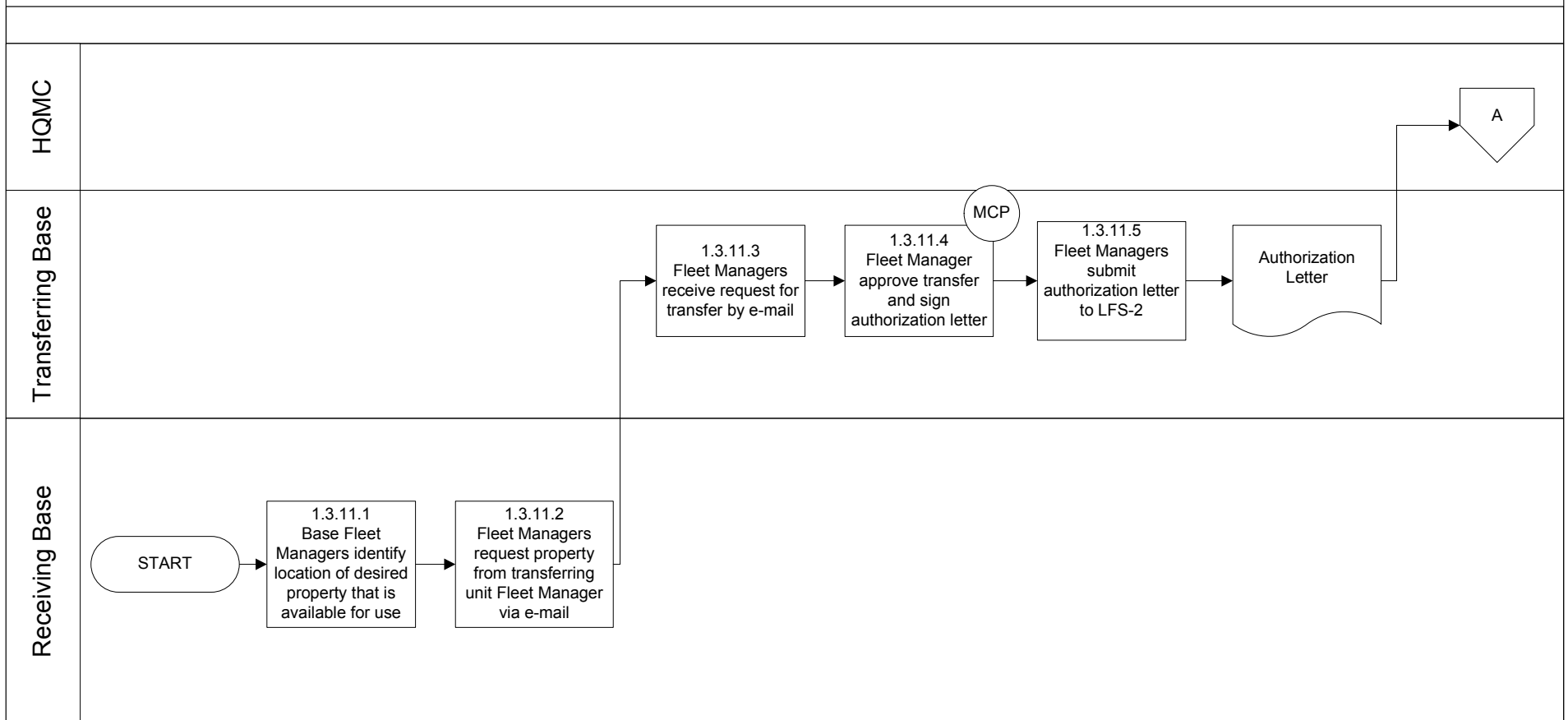
PERSONAL PROPERTY
PP-1.3, Requisitioning, Purchase, or Procurement
1.3.10 Initiate DSSC Purchase, Page 3

Unit



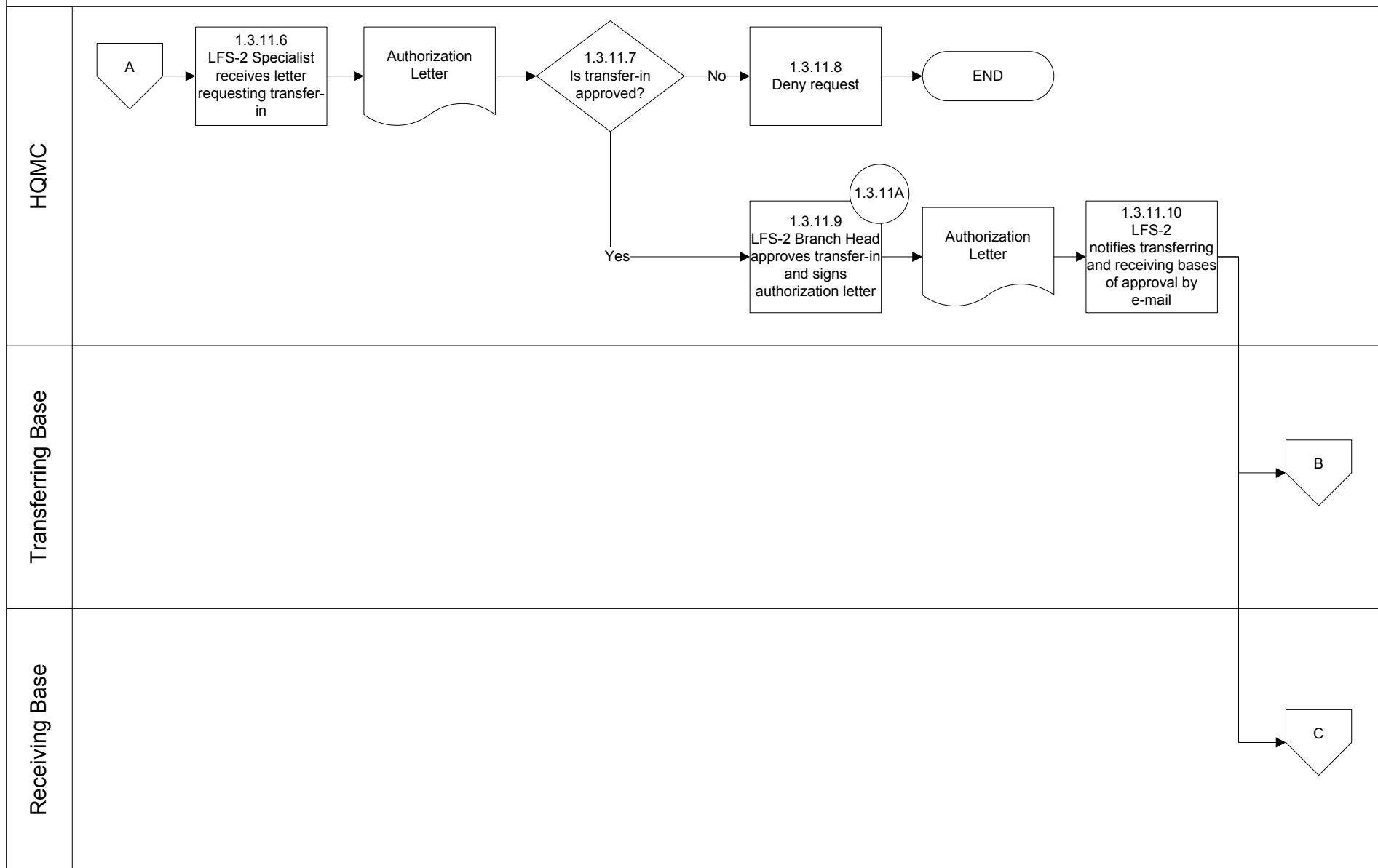


PERSONAL PROPERTY
PP-1.3, Requisitioning, Purchase, or Procurement
1.3.11 Initiate Transfer-In, Page 1



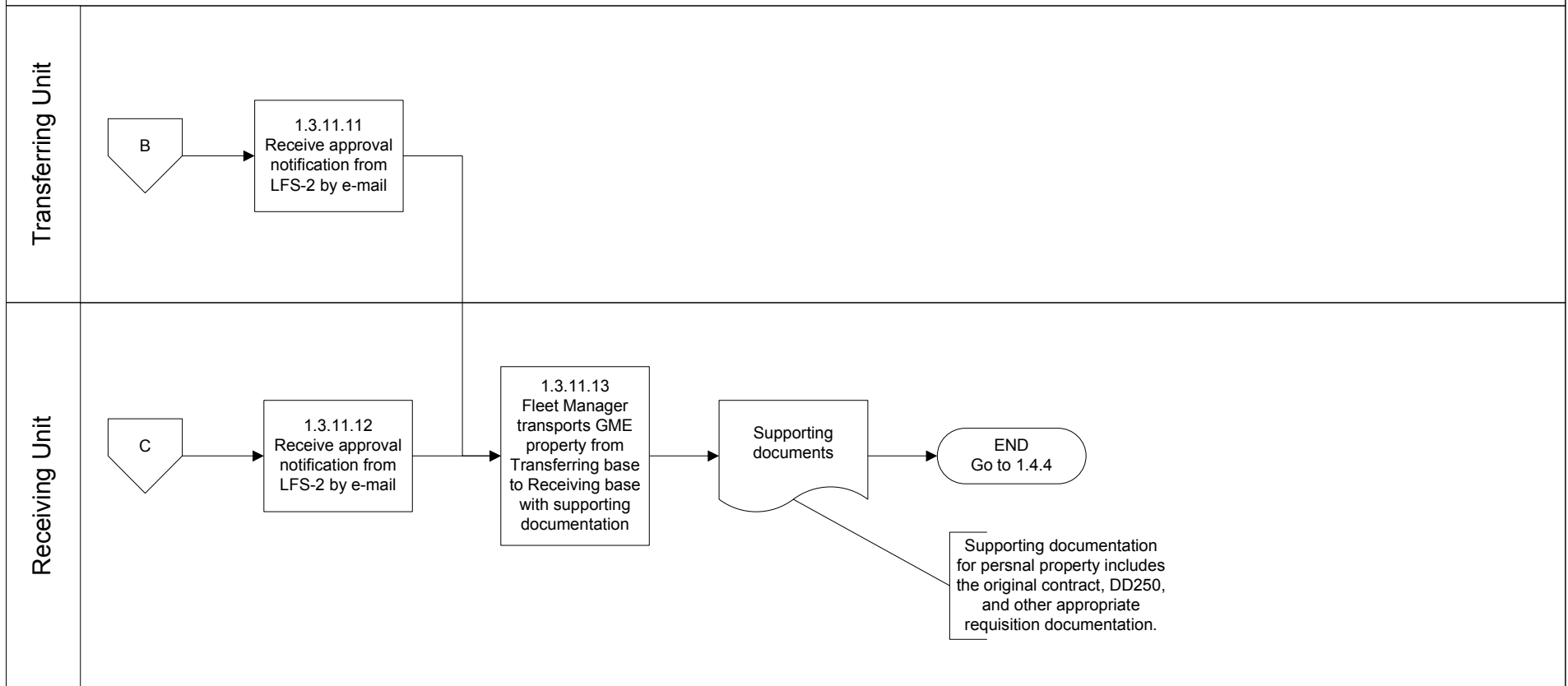


PERSONAL PROPERTY
PP-1.3, Requisitioning, Purchase, or Procurement
1.3.11 Initiate Transfer-In, Page 2





PERSONAL PROPERTY
PP-1.3, Requisitioning, Purchase, or Procurement
1.3.11 Initiate Transfer-In, Page 3

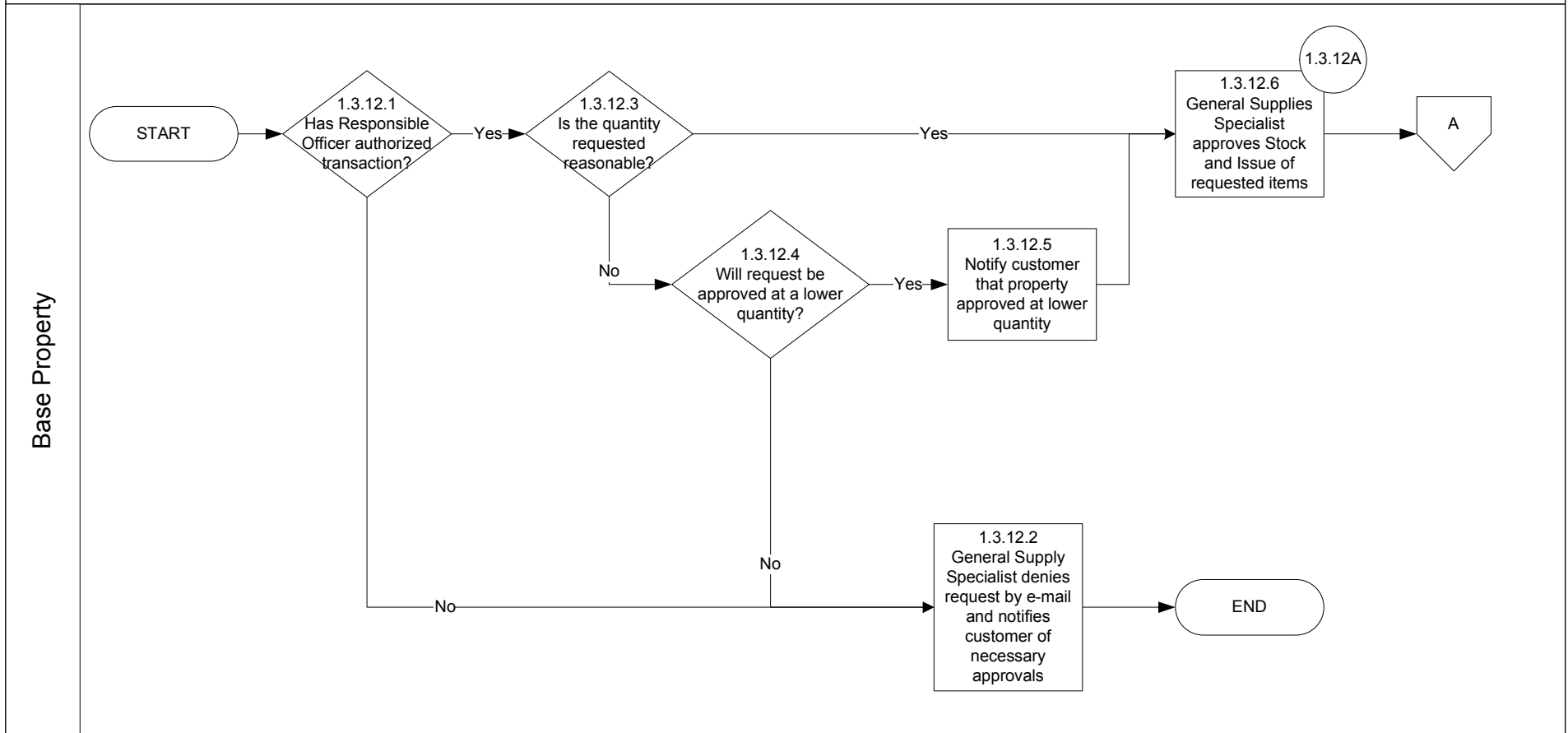




PERSONAL PROPERTY

PP-1.3, Requisitioning, Purchase or Procurement

1.3.12 Stock and Issue, Page 1

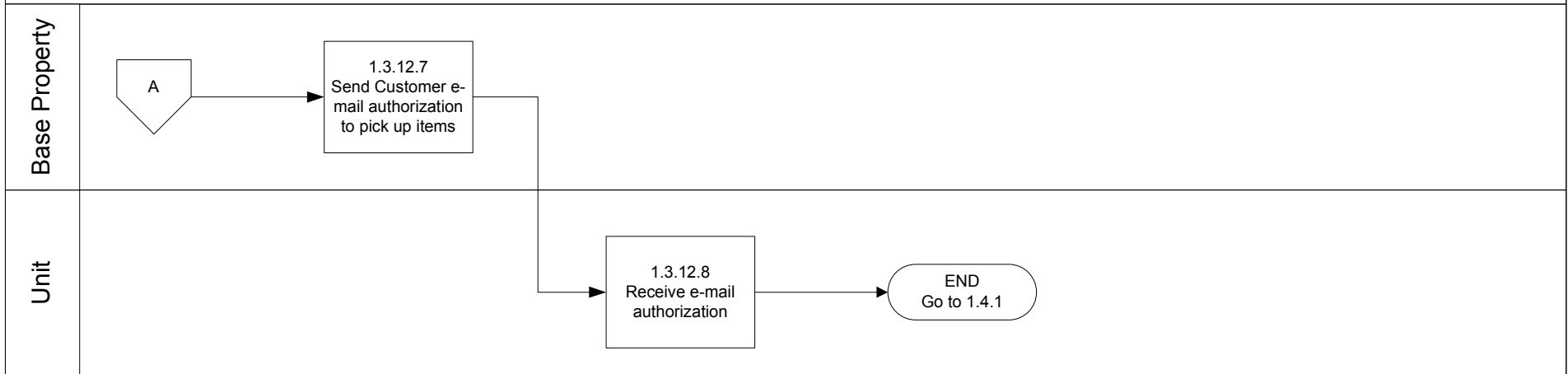




PERSONAL PROPERTY

PP-1.2, Requisitioning, Purchase or Procurement

1.3.12 Stock and Issue, Page 2

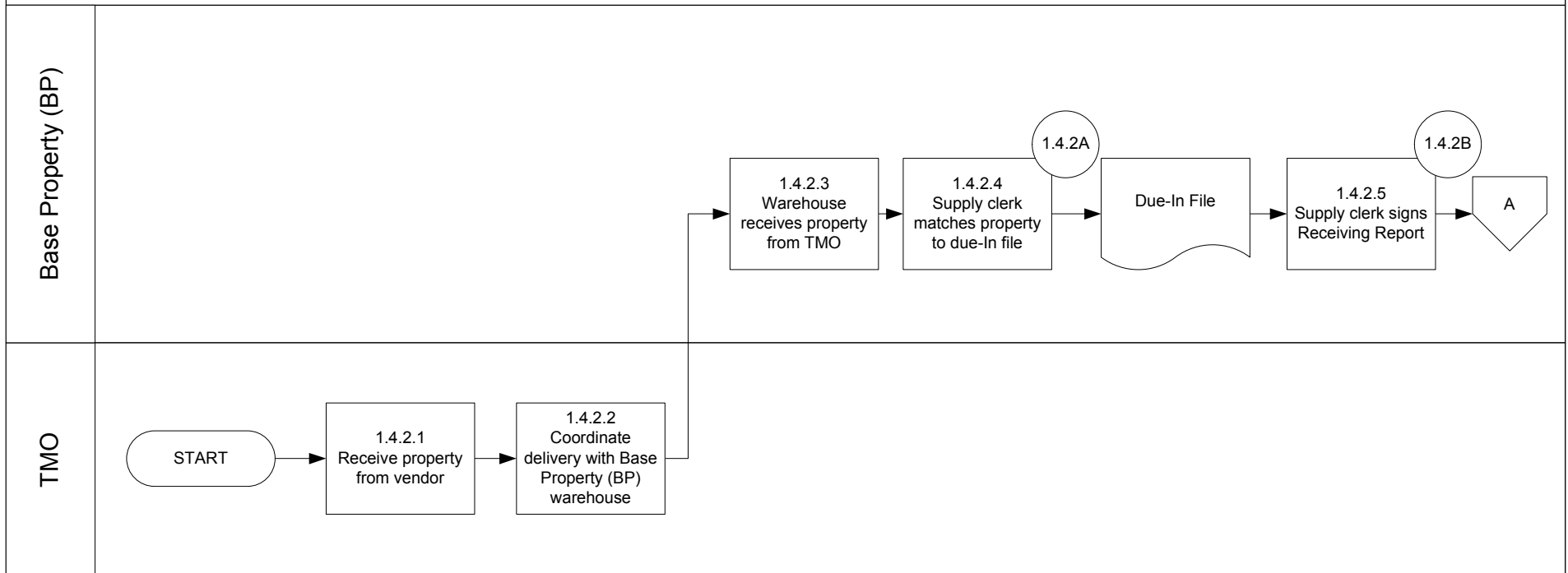




PERSONAL PROPERTY

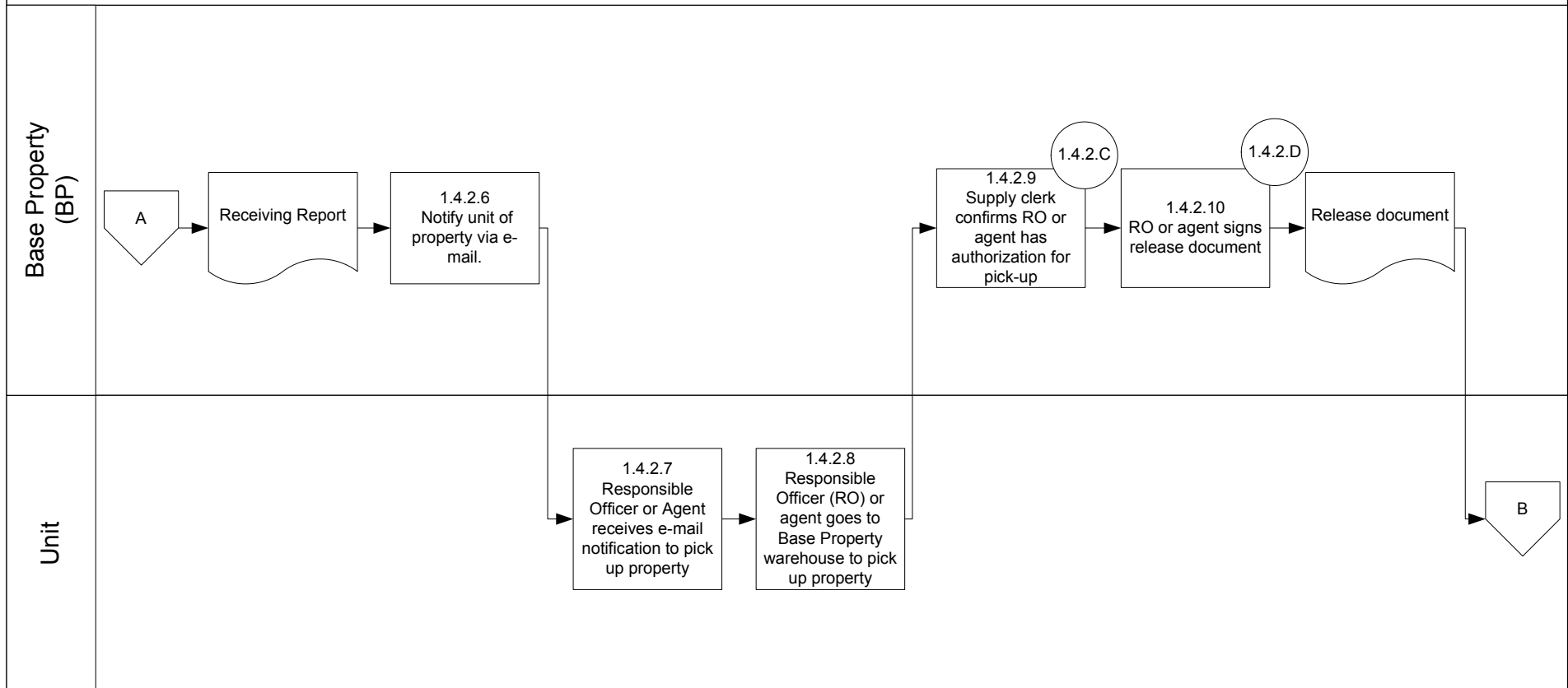
PP-1.4 Receipt and Recordation

1.4.2 Perform Receive and Record Garrison Property Process, Page 1





1.4.2 Perform Receive and Record Garrison Property Process, Page 2

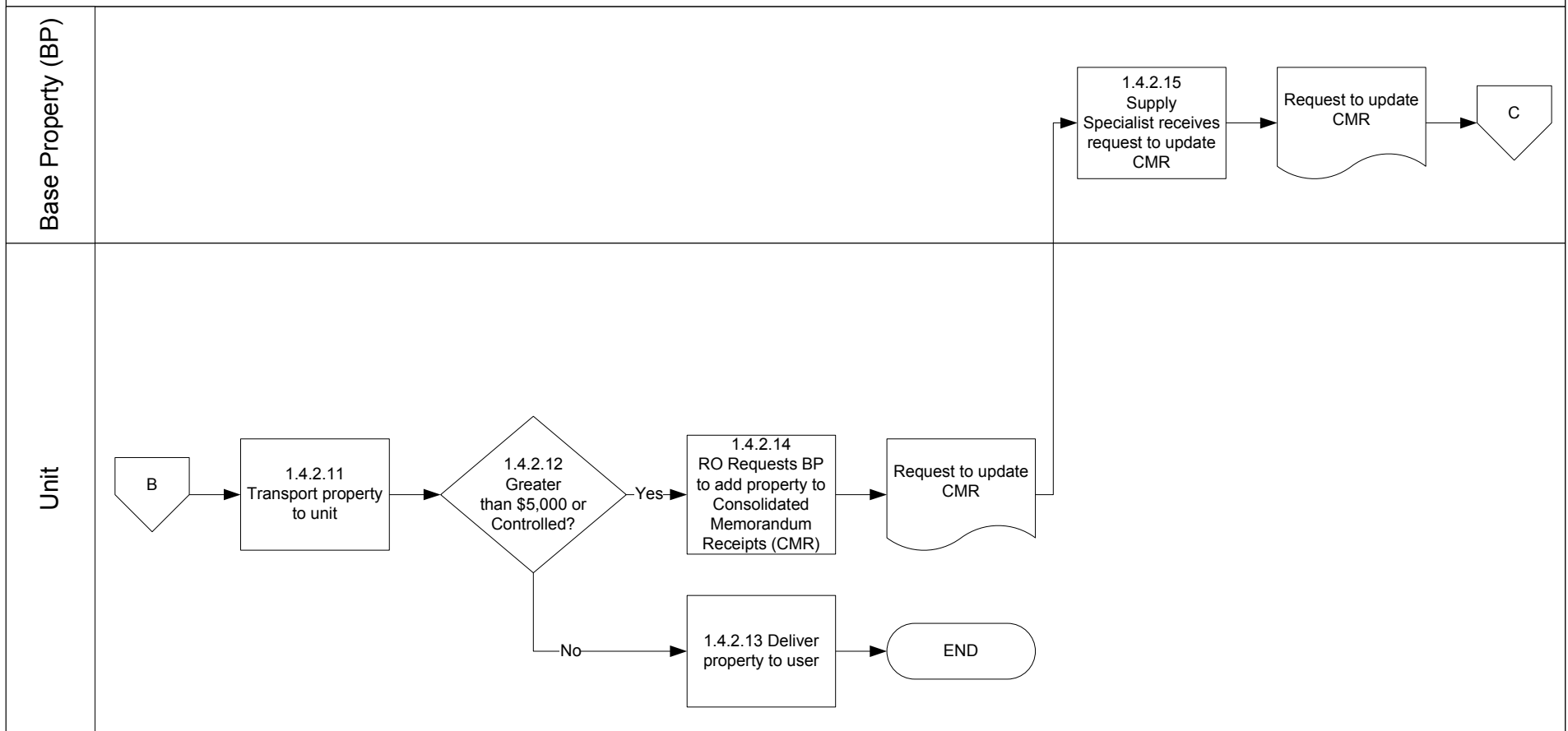




PERSONAL PROPERTY

PP-1.4 Receipt and Recordation

1.4.2 Perform Receive and Record Garrison Property Process, Page 3



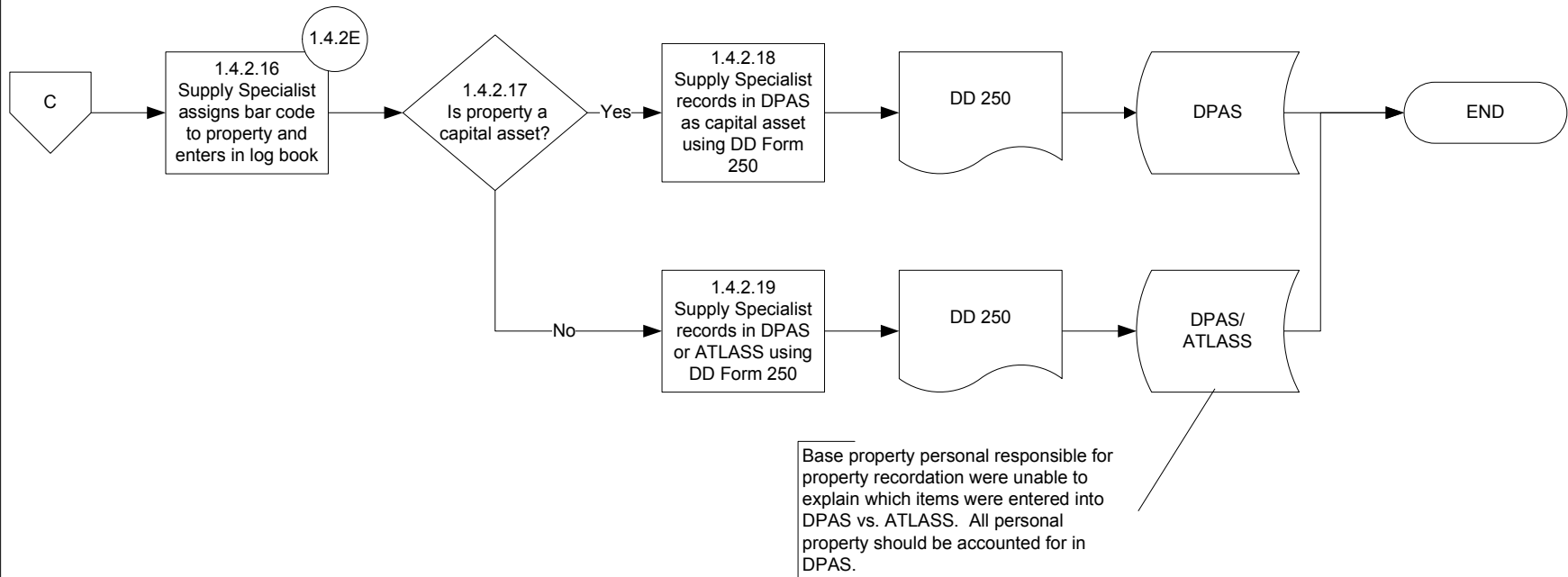


PERSONAL PROPERTY

PP-1.4 Receipt and Recordation

1.4.2 Perform Receive and Record Garrison Property Process, Page 4

Base Property (BP)



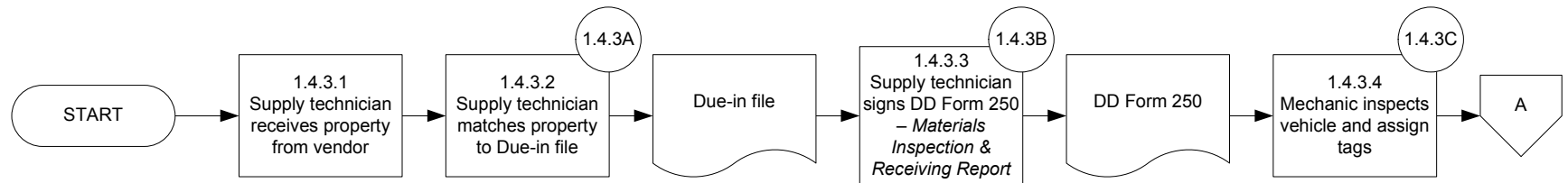


PERSONAL PROPERTY

PP-1.4, Receipt and Recordation

1.4.3 Perform Receive and Record Garrison Mobile Equipment (GME) Property Process, Page 1

Base Motors (BM)



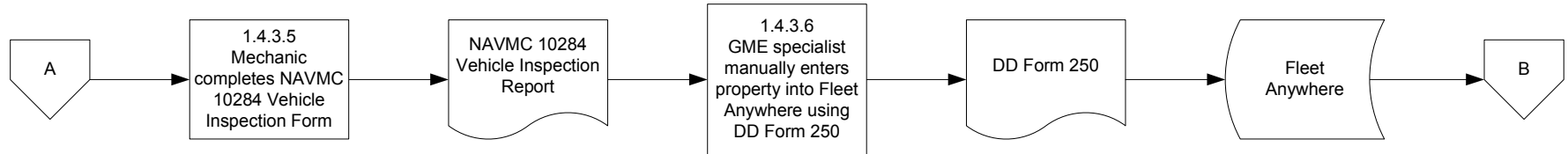


PERSONAL PROPERTY

PP-1.4, Receipt and Recordation

1.4.3 Perform Receive and Record Garrison Mobile Equipment (GME) Property Process, Page 2

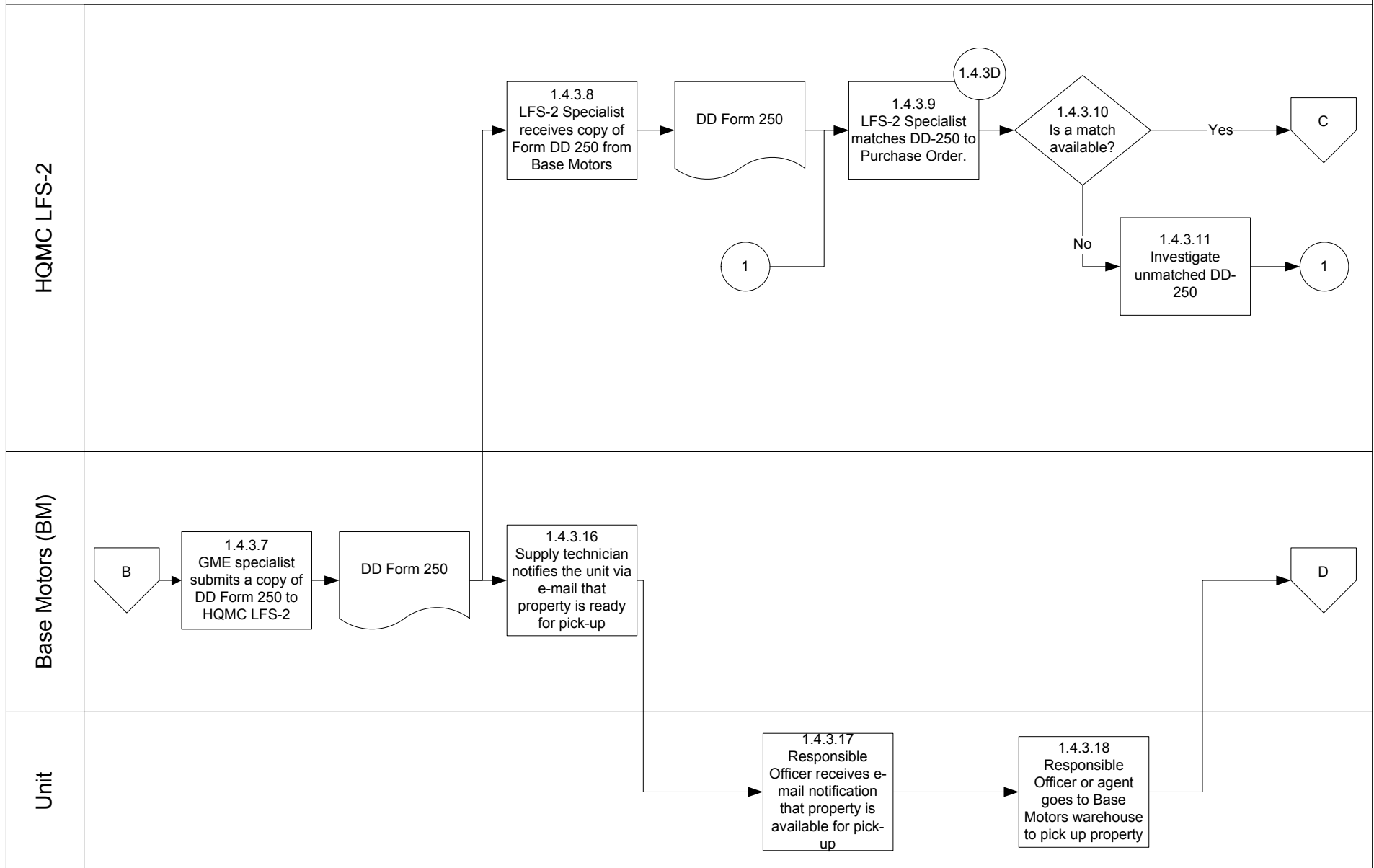
Base Motors (BM)





PERSONAL PROPERTY
PP-1.4, Receipt and Recordation

1.4.3 Perform Receive and Record Garrison Mobile Equipment (GME) Property Process, Page 3

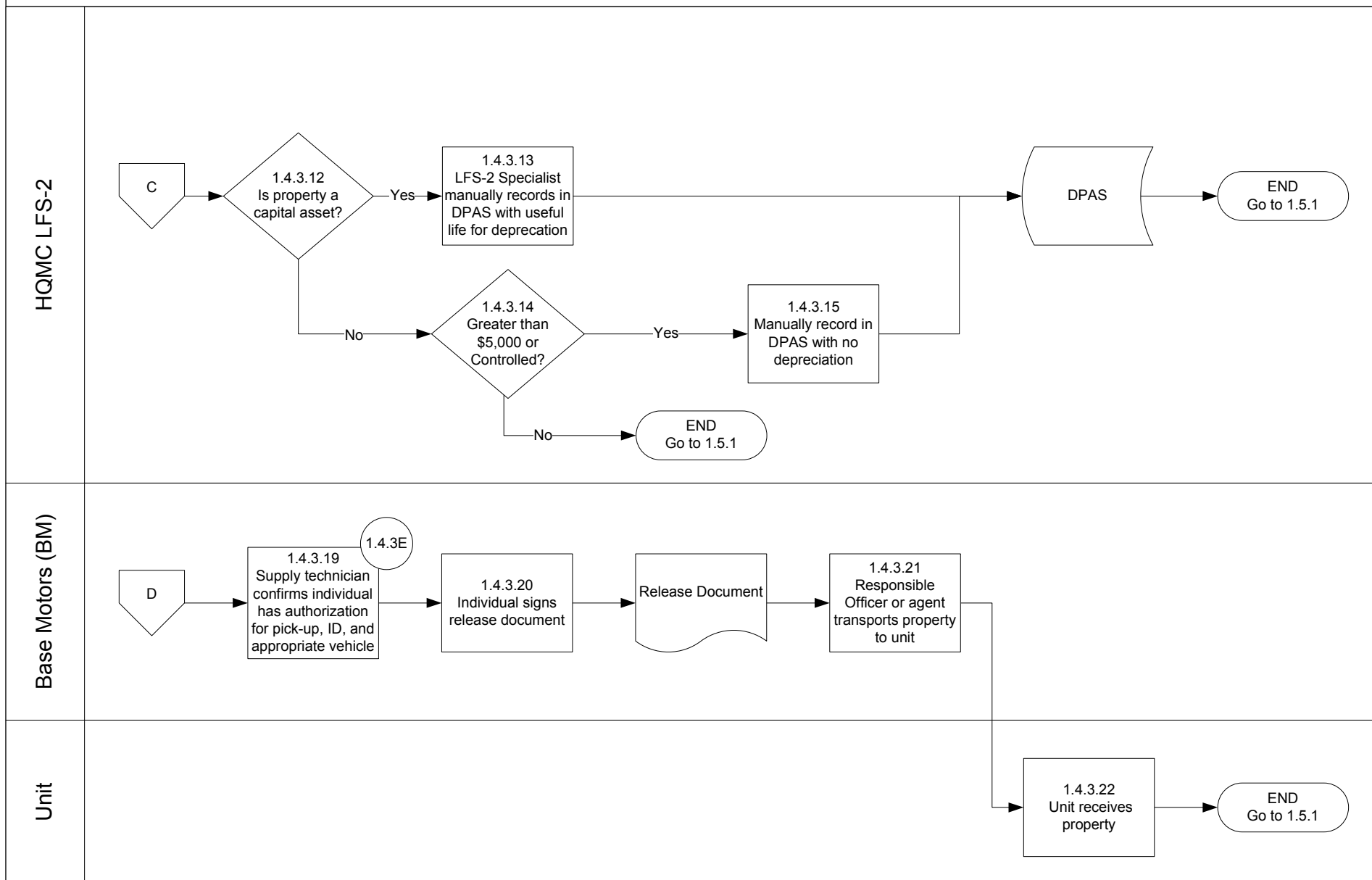




PERSONAL PROPERTY

PP-1.4, Receipt and Recordation

1.4.3 Perform Receive and Record Garrison Mobile Equipment (GME) Property Process, Page 4

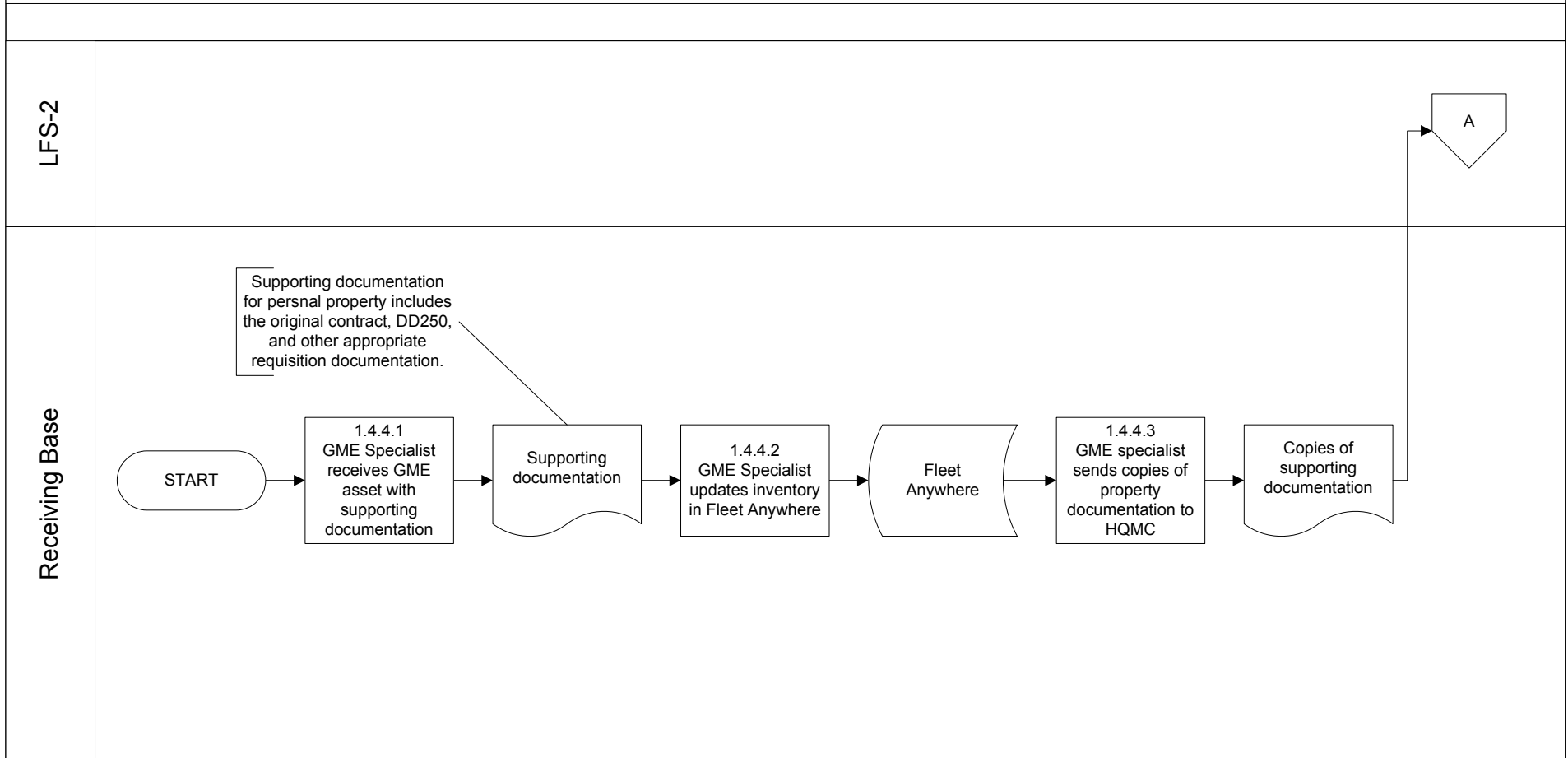




PERSONAL PROPERTY

PP-1.4, Receipt and Recordation

1.4.4 Perform Receive and Record Transferred-In Property Process, Page 1

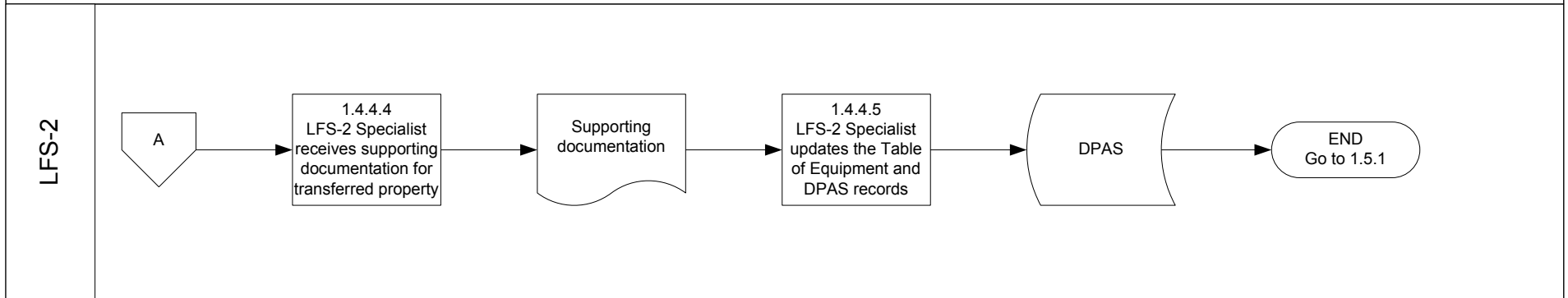




PERSONAL PROPERTY

PP-1.4, Receipt and Recordation

1.4.4 Perform Receive and Record Transferred-In Property Process, Page 2

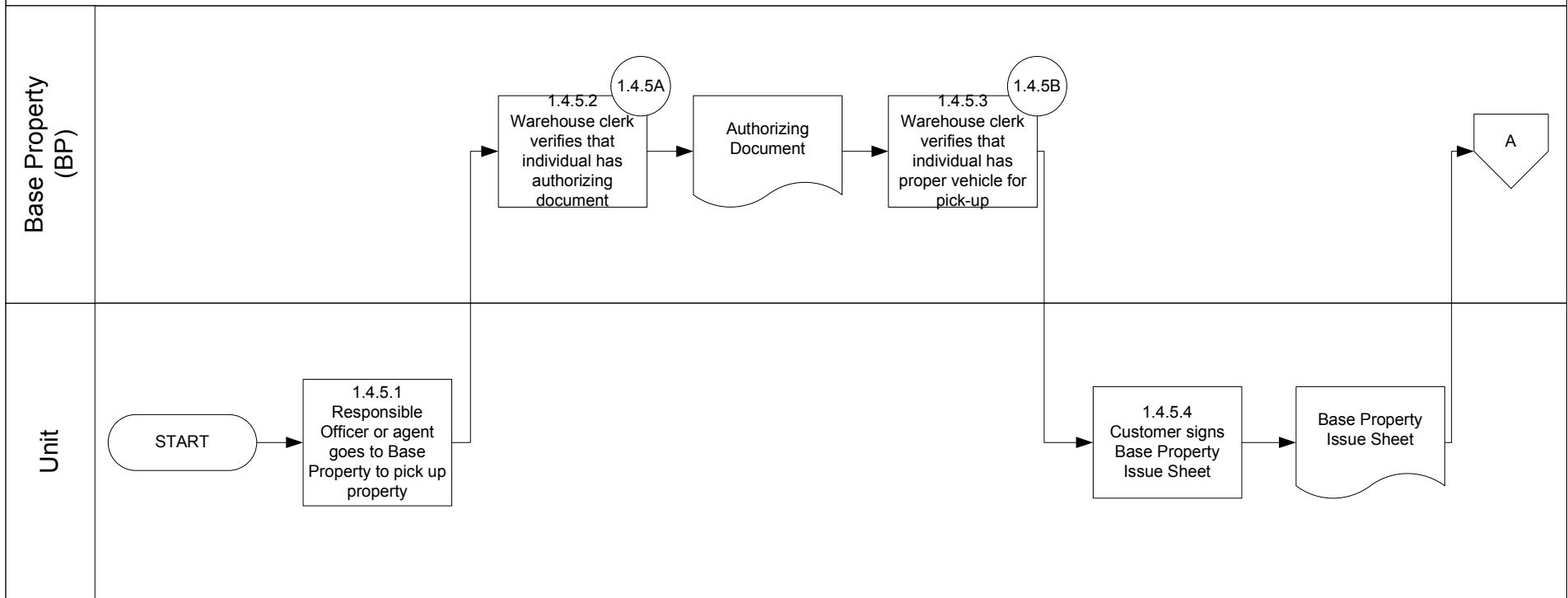




PERSONAL PROPERTY

PP-1.4, Receipt and Recordation

1.4.5 Perform Receive Stock & Issue Property Process, Page 1





PERSONAL PROPERTY

PP-1.4, Receipt and Recordation

1.4.5 Perform Receive and Record Stock & Issue Property Process, Page 2

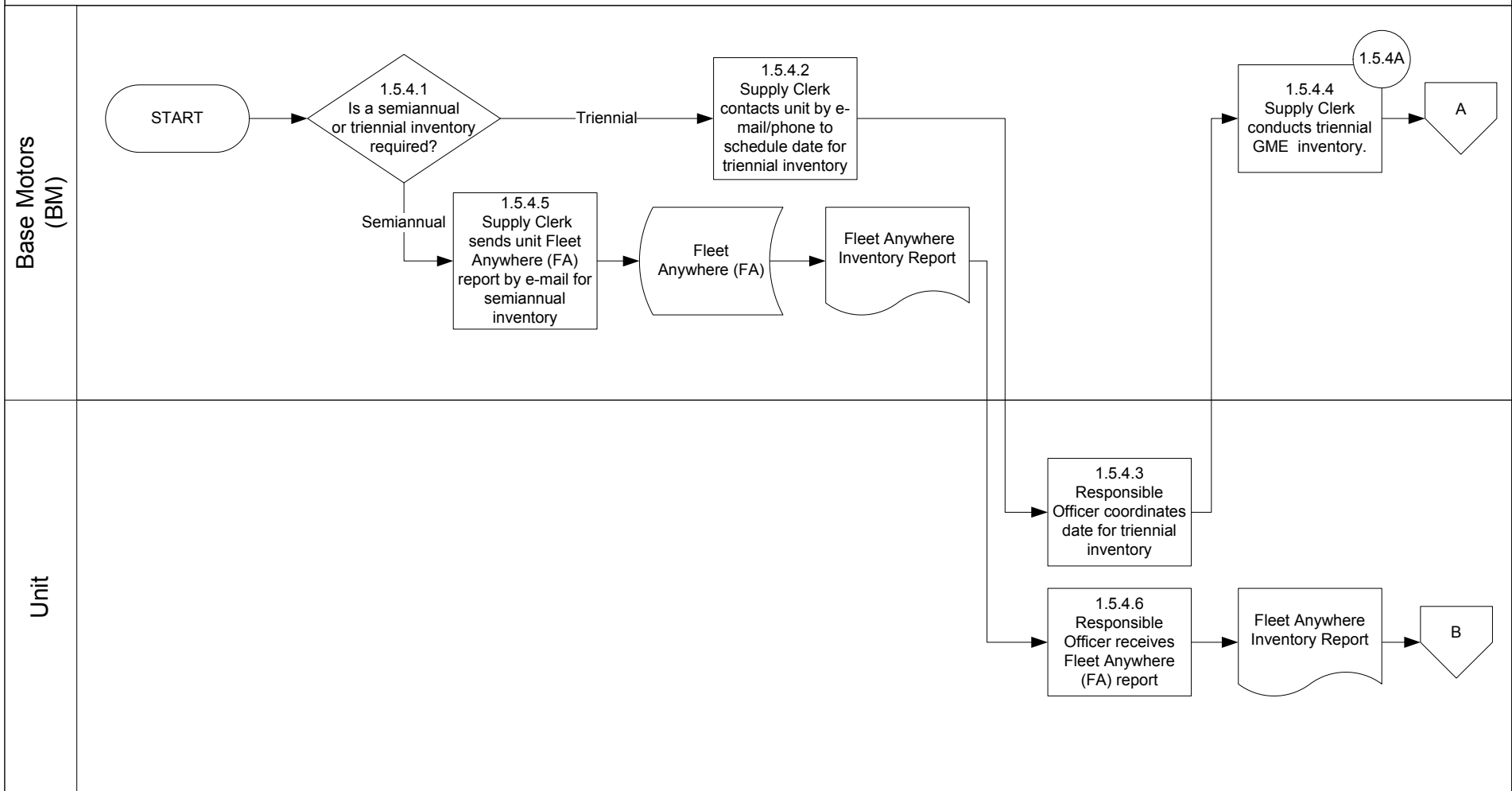




PERSONAL PROPERTY

PP-1.5, Tracking, Accounting, Reporting and Review

1.5.4 Perform Required GME Inventory, Page 1

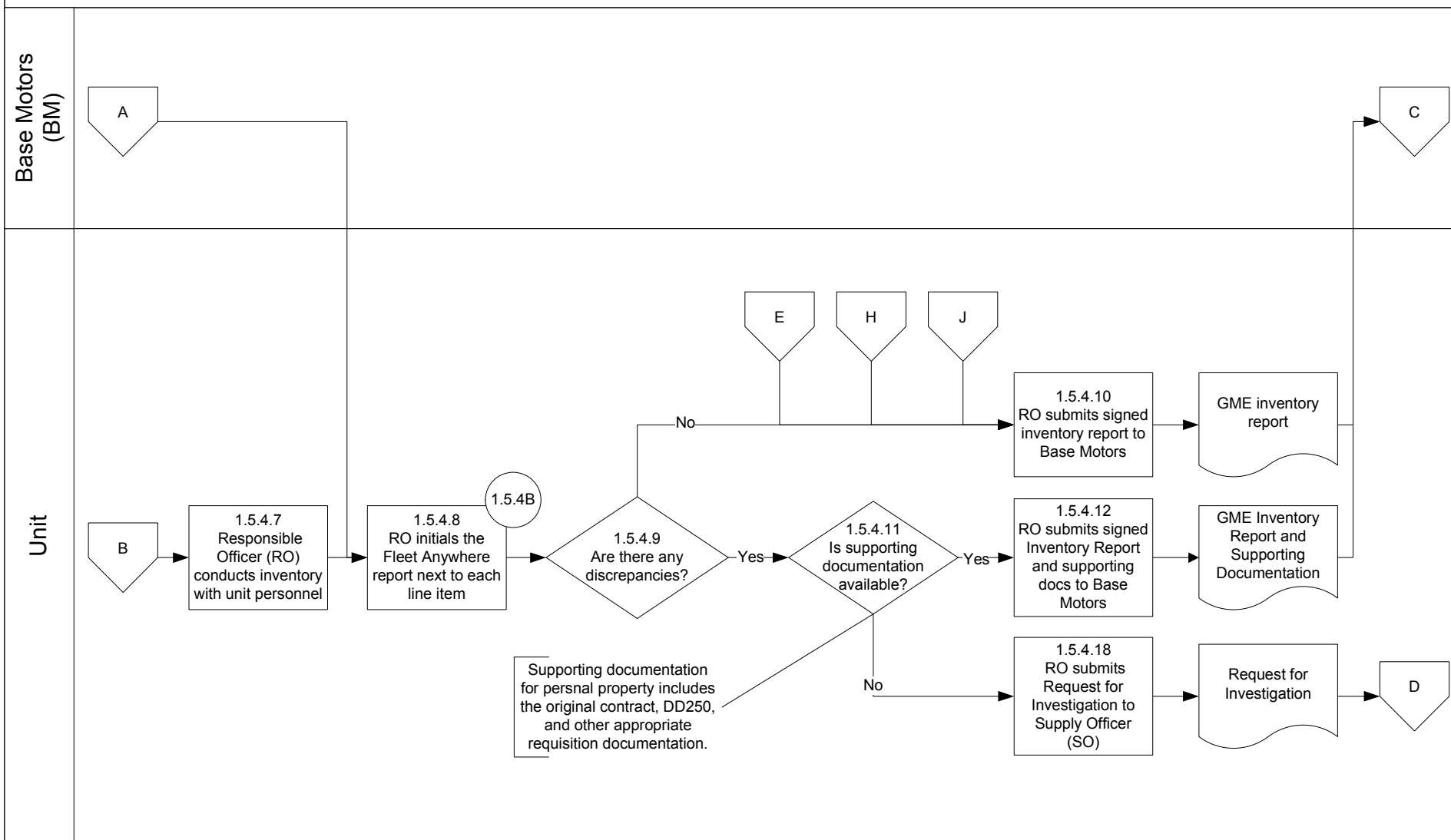




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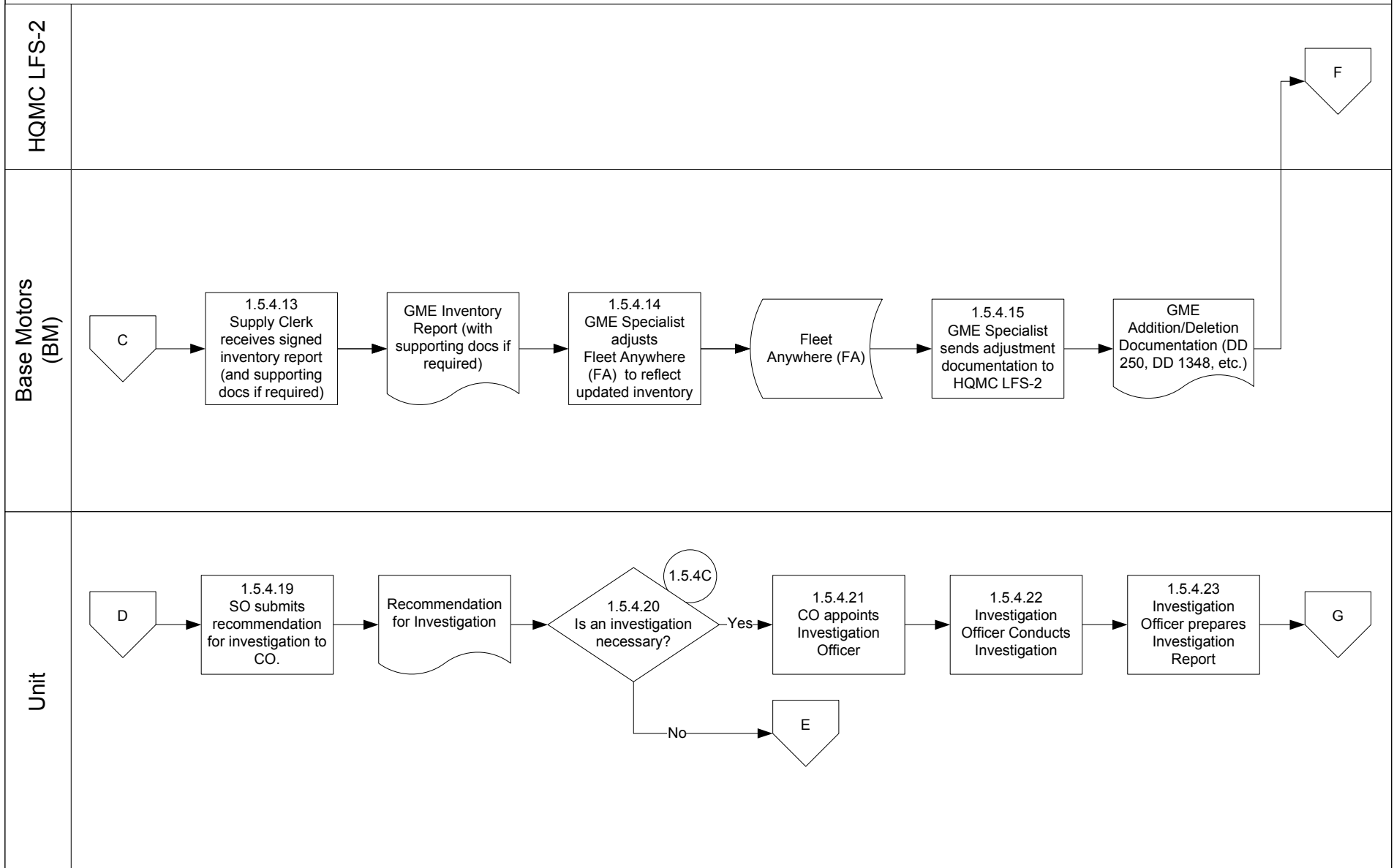
PP-1.5, Tracking, Accounting, Reporting and Review

1.5.4 Perform Required GME Inventory, Page 2





PERSONAL PROPERTY
PP-1.5, Tracking, Accounting, Reporting and Review
1.5.4 Perform Required GME Inventory, Page 3



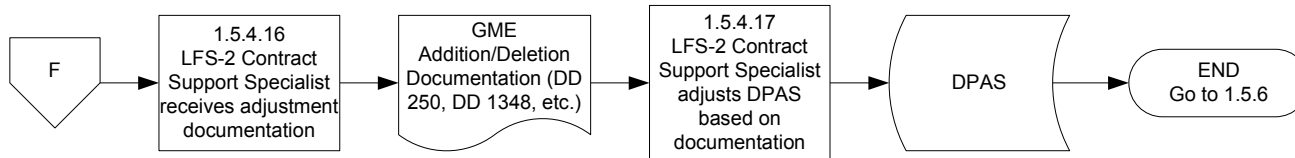


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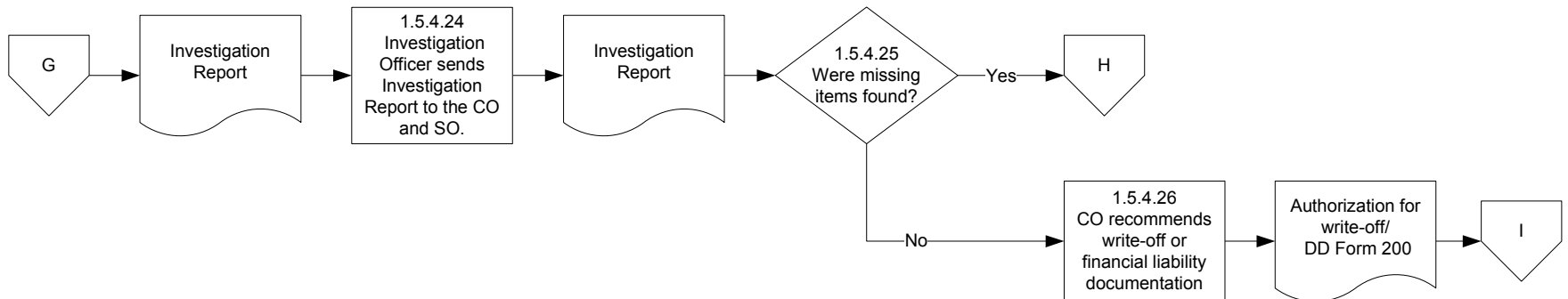
PP-1.5, Tracking, Accounting, Reporting and Review

1.5.4 Perform Required GME Inventory, Page 4

HQMC LFS-2



Unit

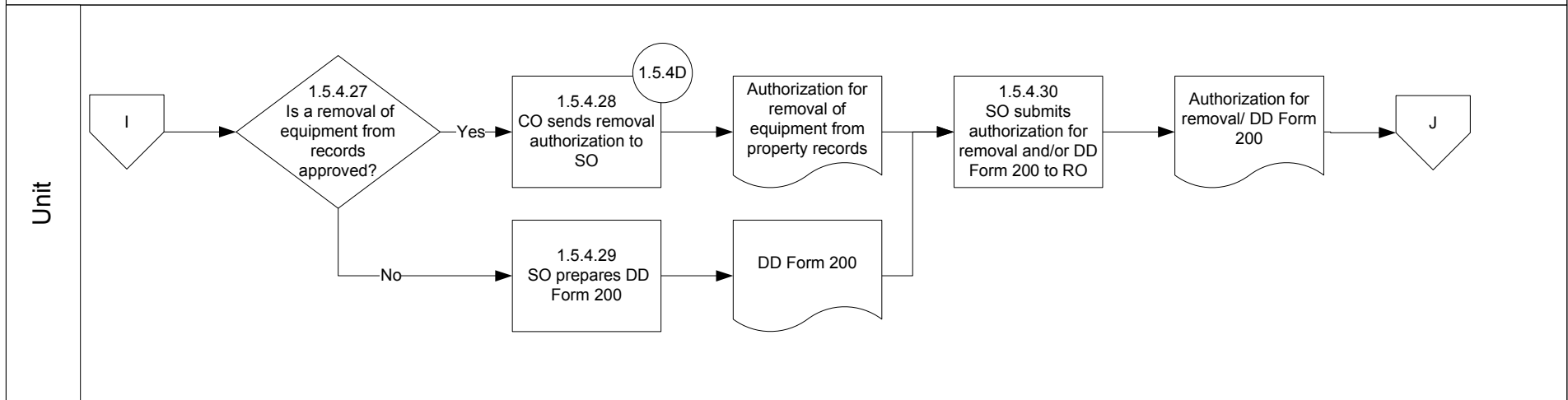




PERSONAL PROPERTY

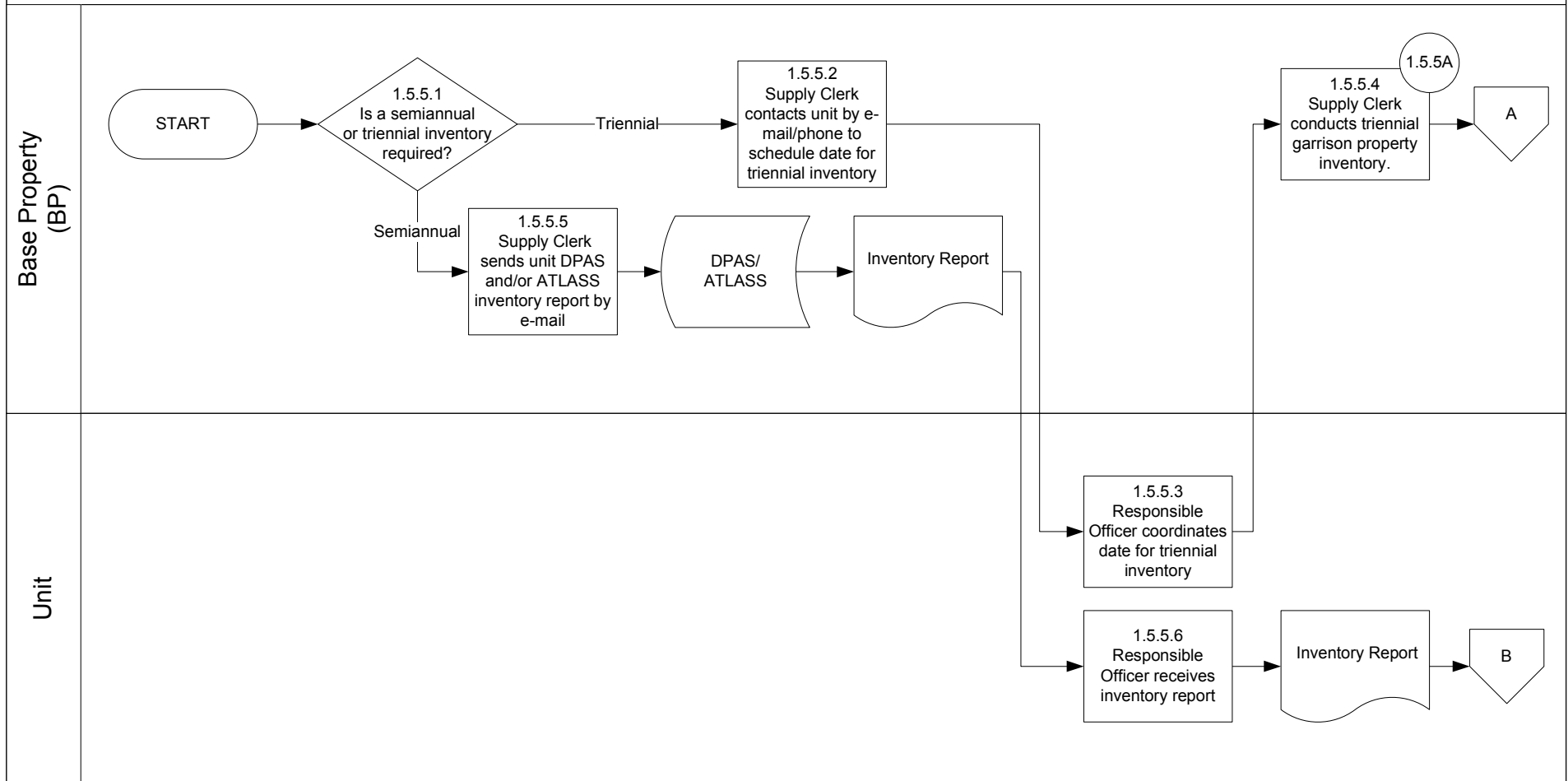
PP-1.5, Tracking, Accounting, Reporting and Review

1.5.4 Perform Required GME Inventory, Page 5



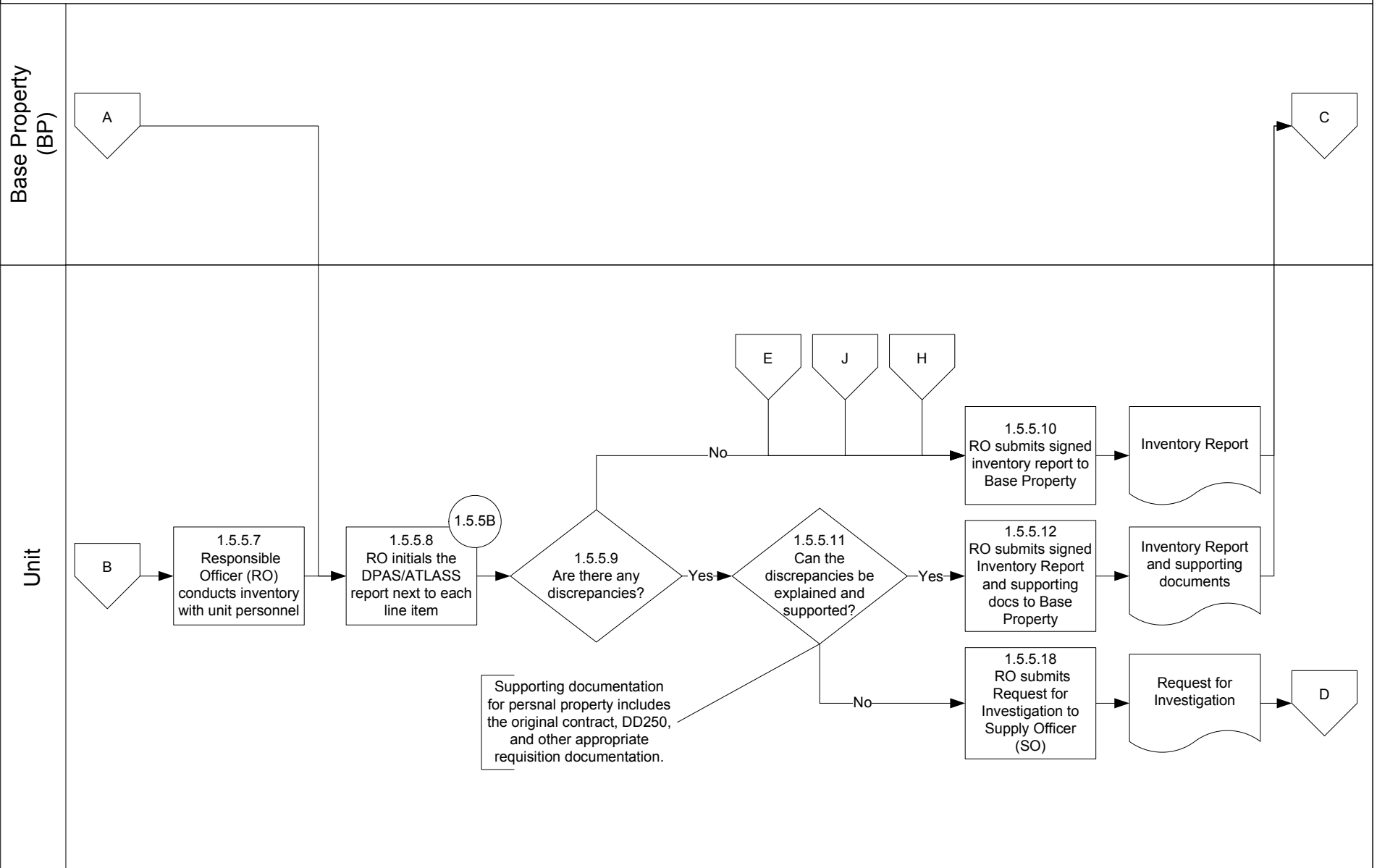


PERSONAL PROPERTY
PP-1.5, Tracking, Accounting, and Review
1.5.5 Perform Required Garrison Property Inventory, Page 1





PERSONAL PROPERTY
PP-1.5, Tracking, Accounting, and Review
1.5.5 Perform Required Garrison Property Inventory, Page 2

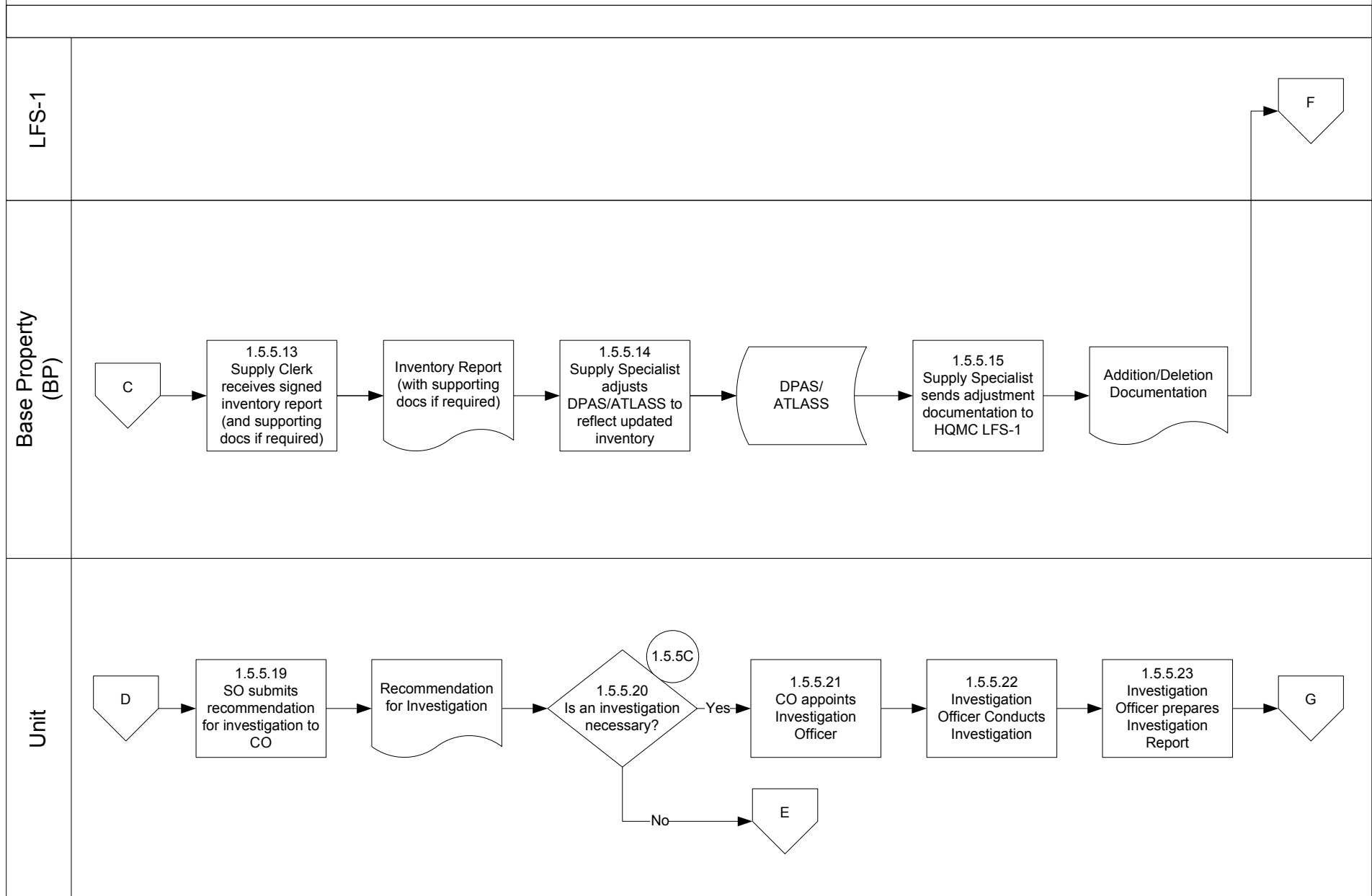




PERSONAL PROPERTY

PP-1.5, Tracking, Accounting, and Review

1.5.5 Perform Required Garrison Property Inventory, Page 3





PERSONAL PROPERTY

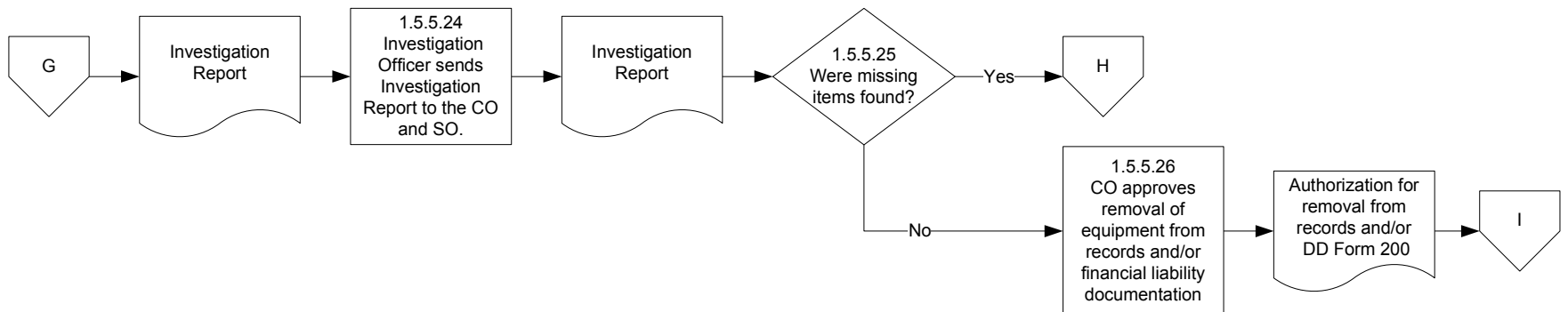
PP-1.5, Tracking, Accounting, Reporting and Review

1.5.5 Perform Required Garrison Property Inventory, Page 4

LFS-1



Unit

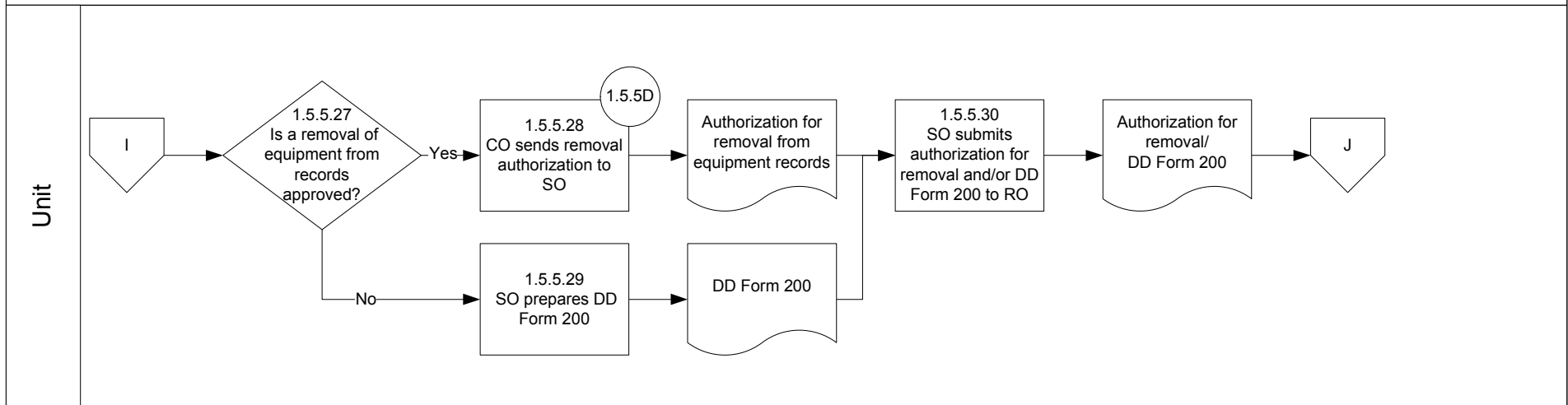




PERSONAL PROPERTY

PP-1.5, Tracking, Accounting, Reporting and Review

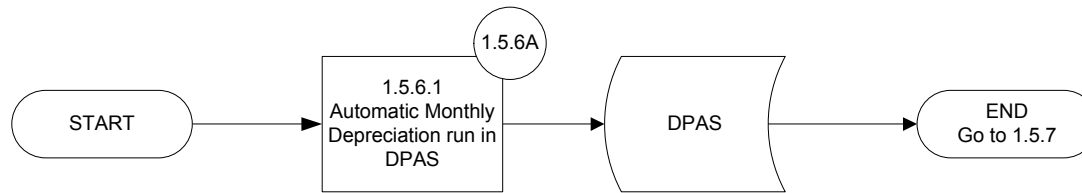
1.5.5 Perform Required Garrison Inventory, Page 5





PERSONAL PROPERTY
PP-1.5, Tracking, Accounting, Reporting, and Review
1.5.6 Monthly Depreciation Process, Page 1

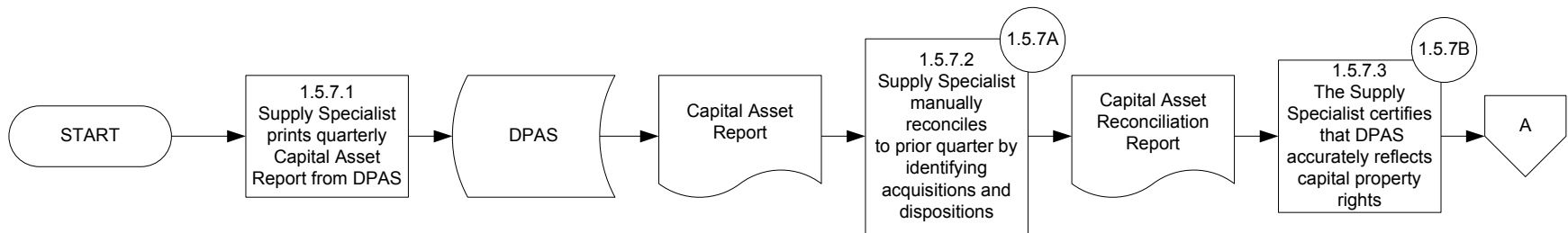
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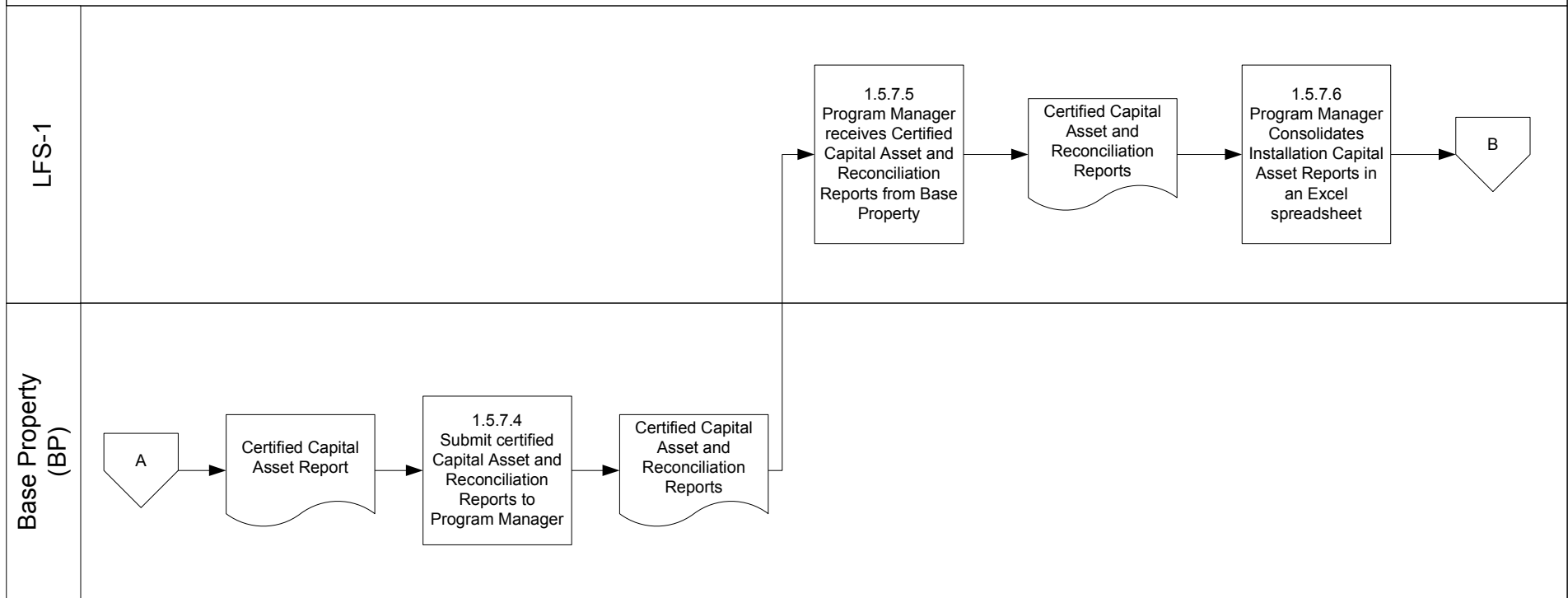
PERSONAL PROPERTY
PP-1.5, Tracking, Accounting, Reporting and Review
1.5.7 Perform Reporting and Review Process, Page 1

Base Property
(BP)





PERSONAL PROPERTY
PP-1.5, Tracking, Accounting, Reporting and Review
1.5.7 Perform Reporting and Review Process, Page 2

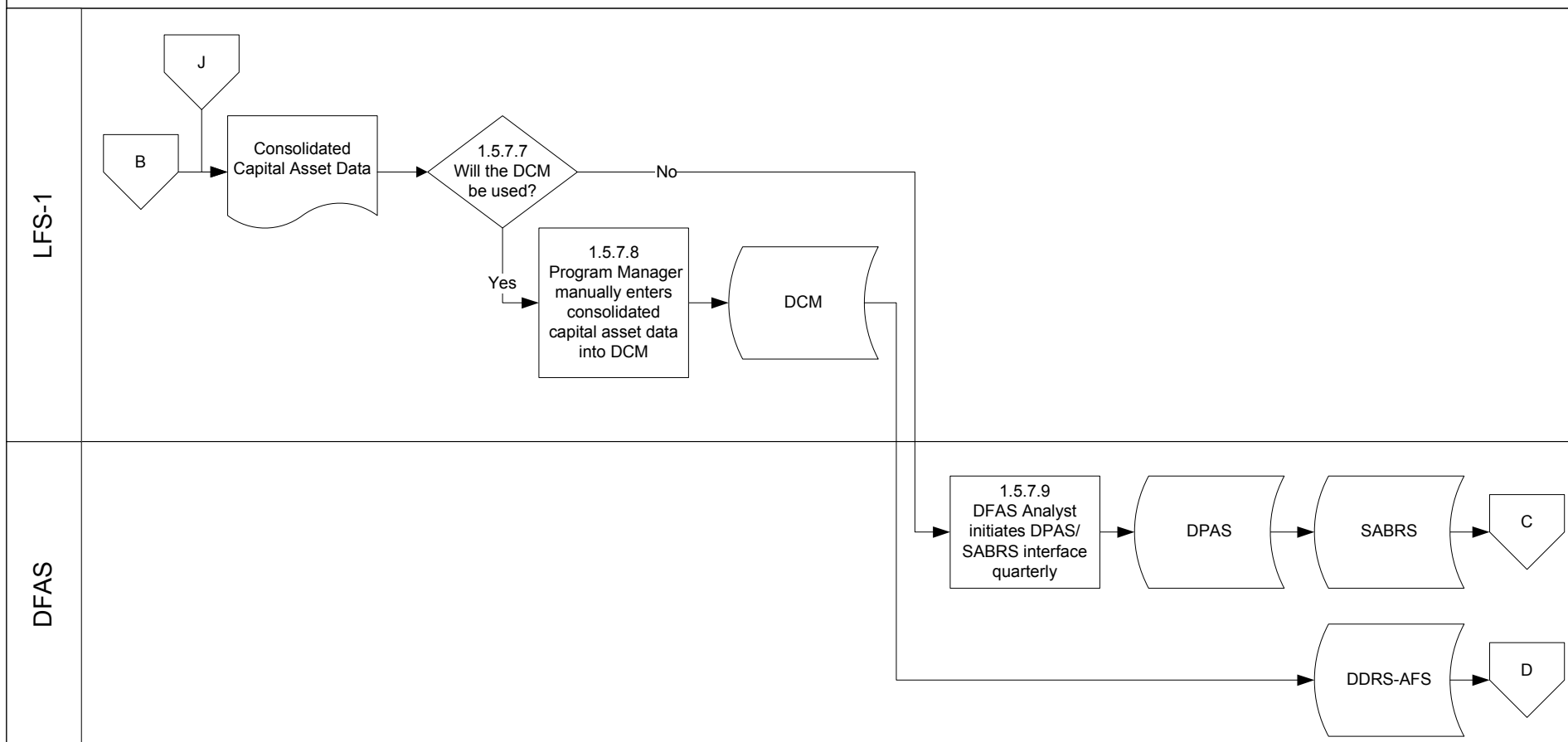




PERSONAL PROPERTY

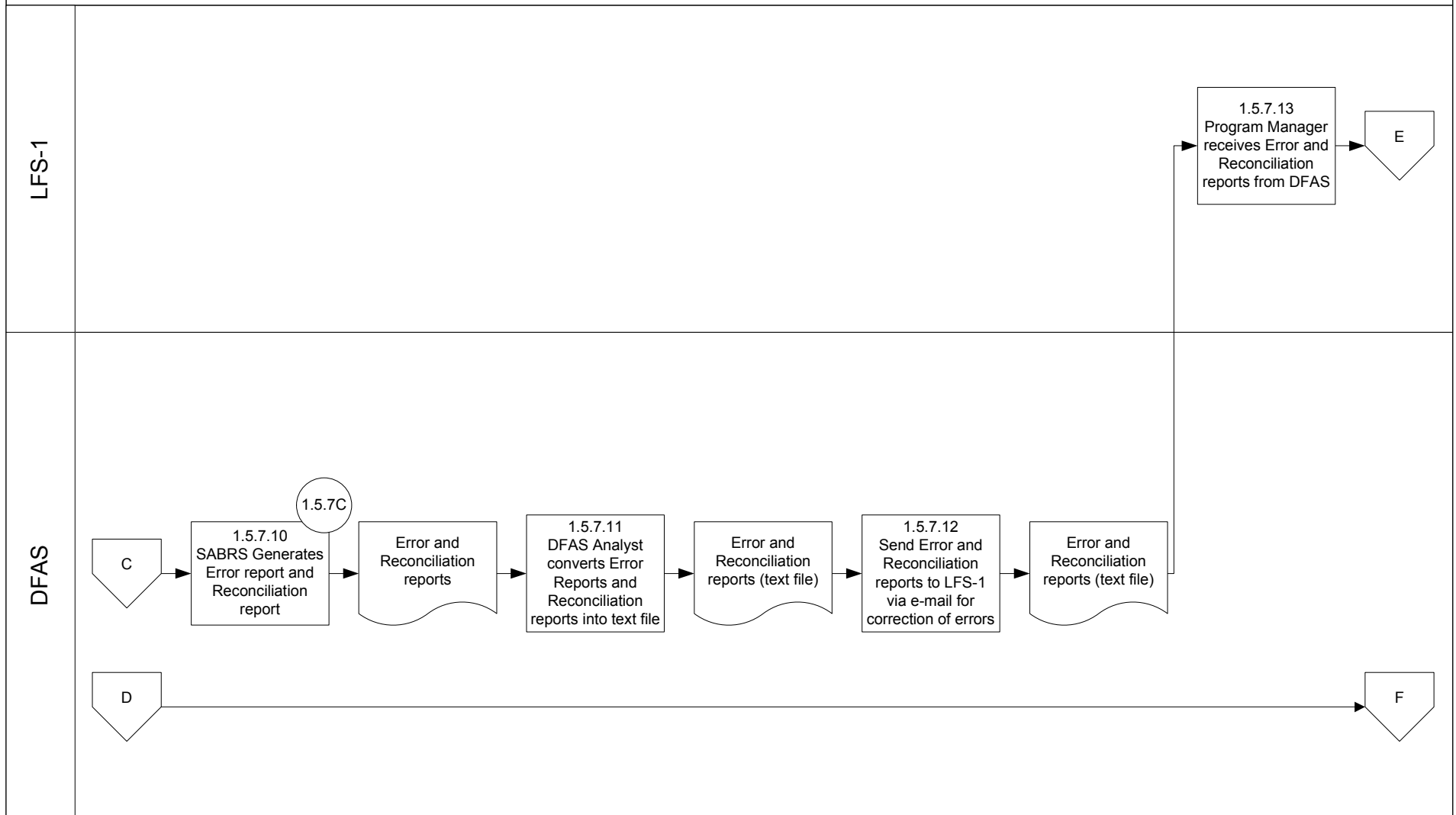
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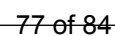
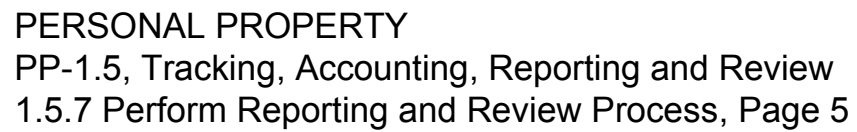
1.5.7 Perform Reporting and Review Process, Page 3





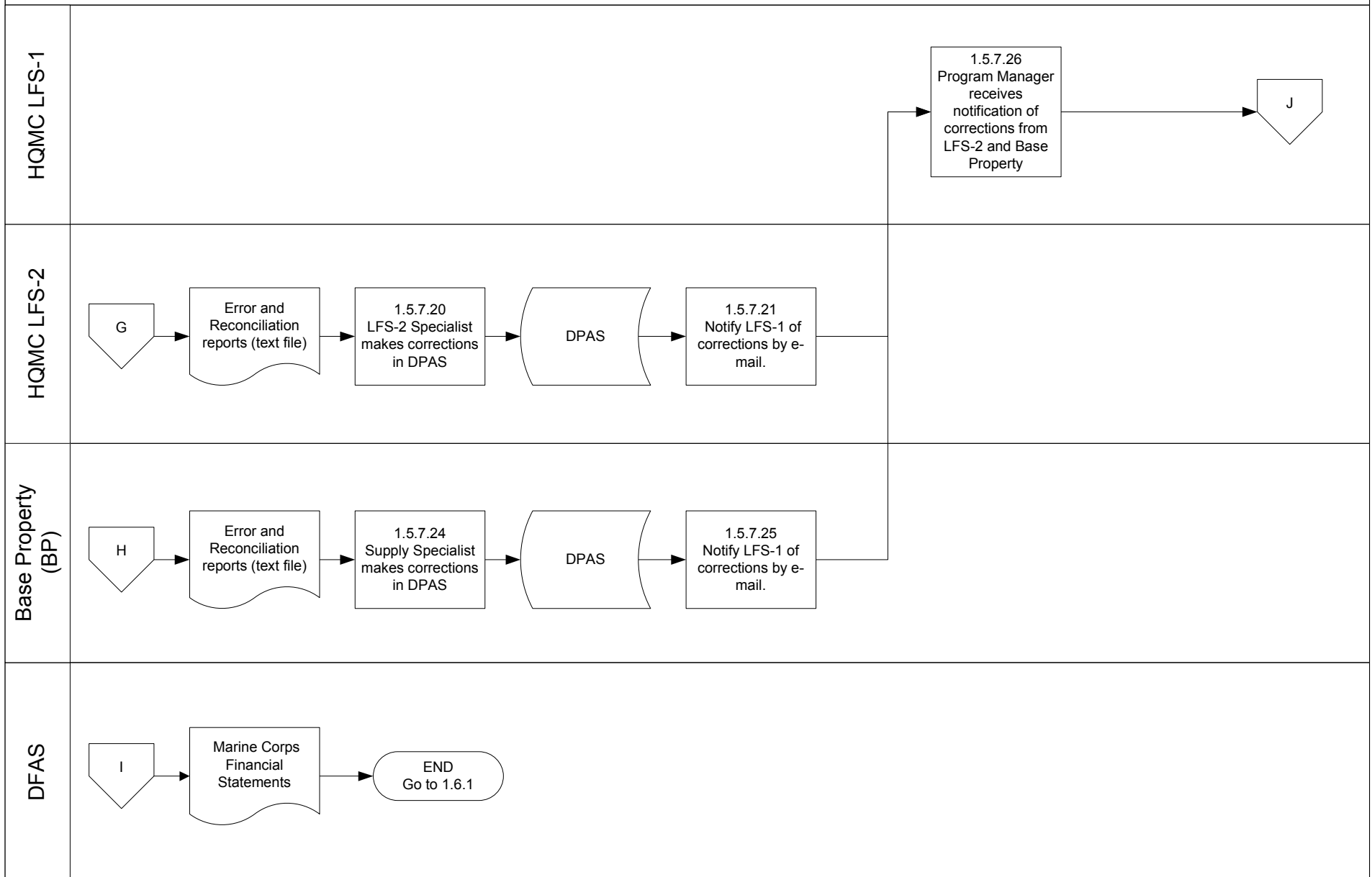
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PP-1.5, Tracking, Accounting, Reporting and Review
1.5.7 Perform Reporting and Review Process, Page 4





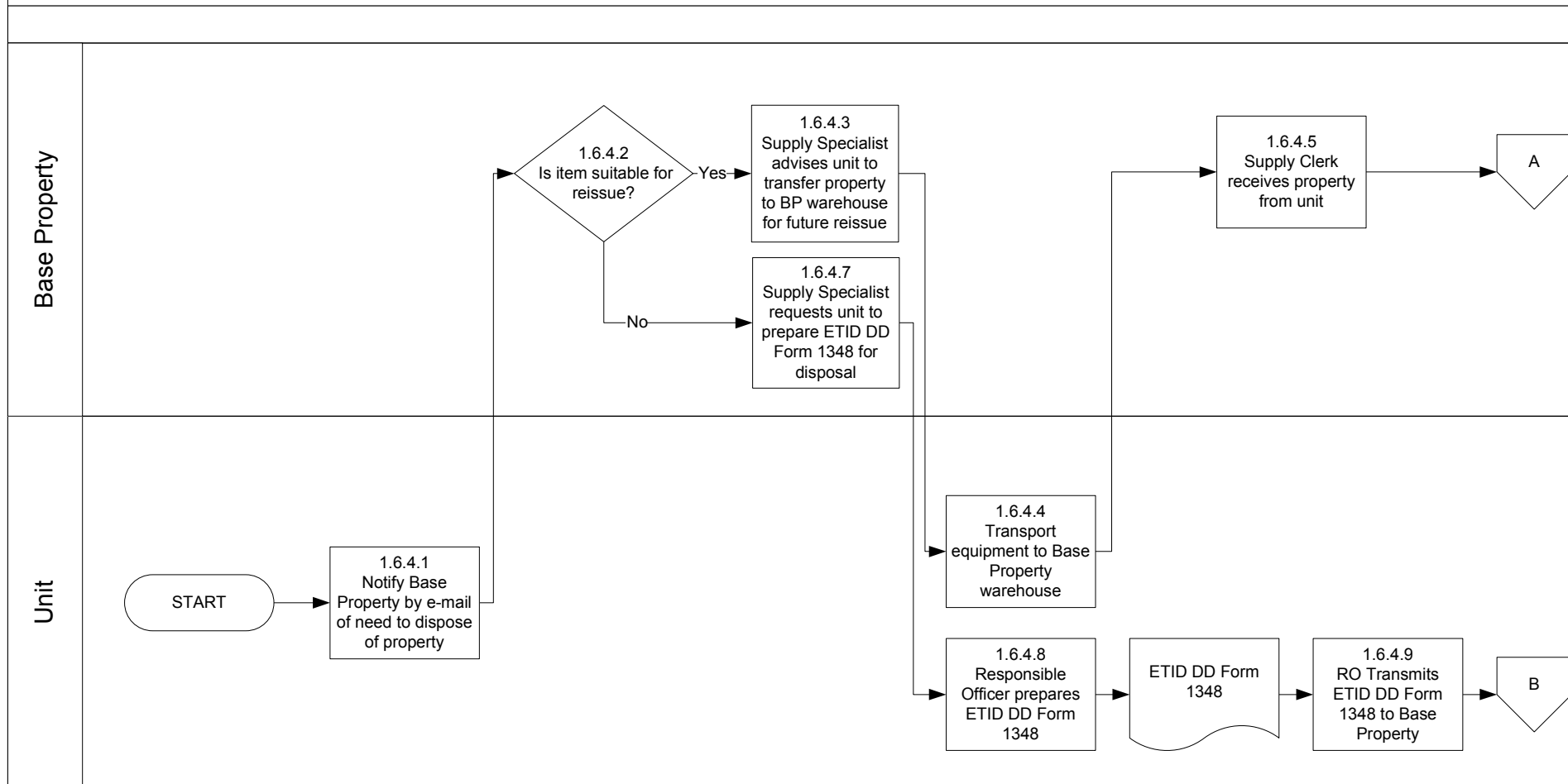


PERSONAL PROPERTY
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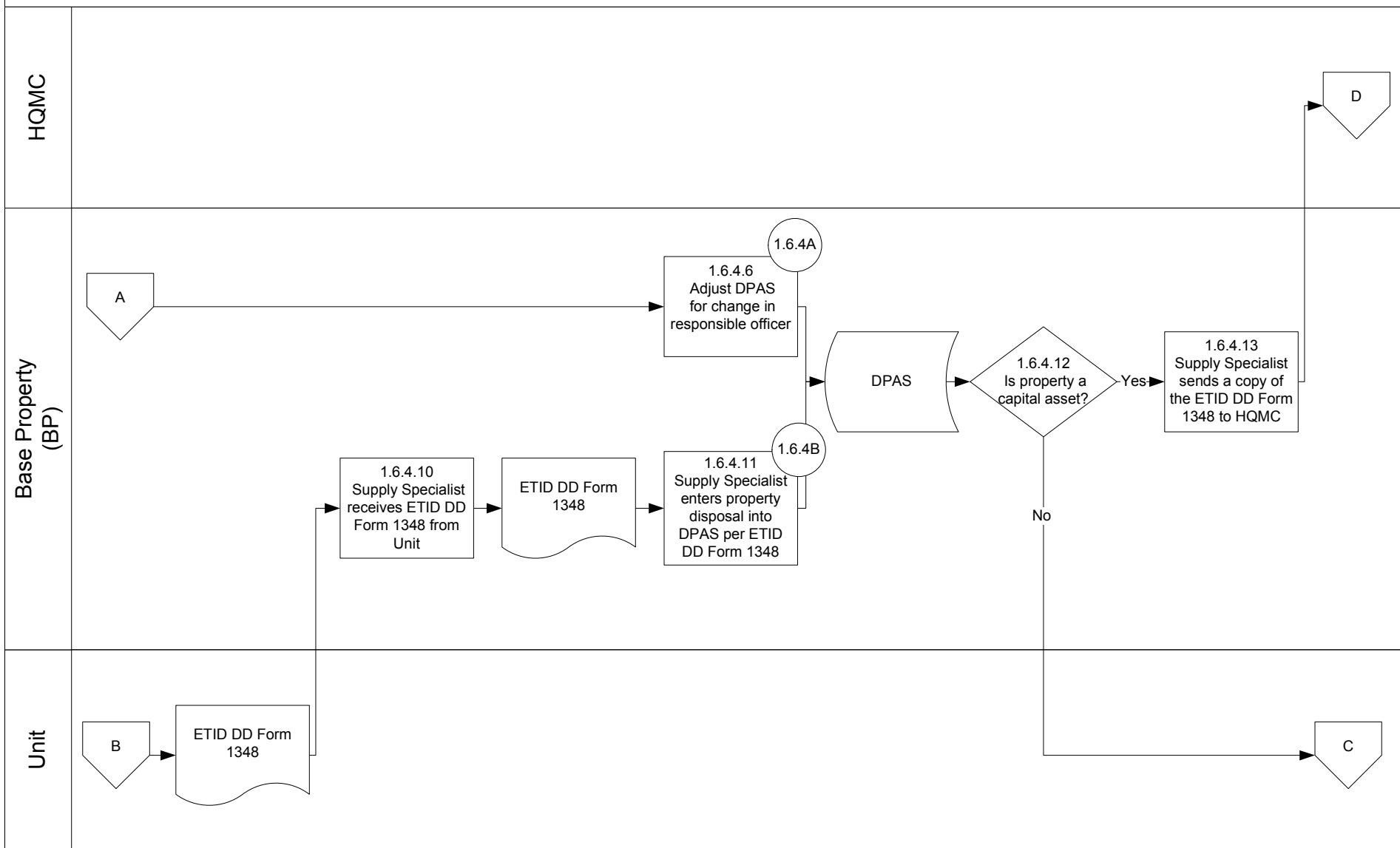


PERSONAL PROPERTY
PP-1.6 Disposal or Transfer
1.6.4 DRMO Process, Page 1



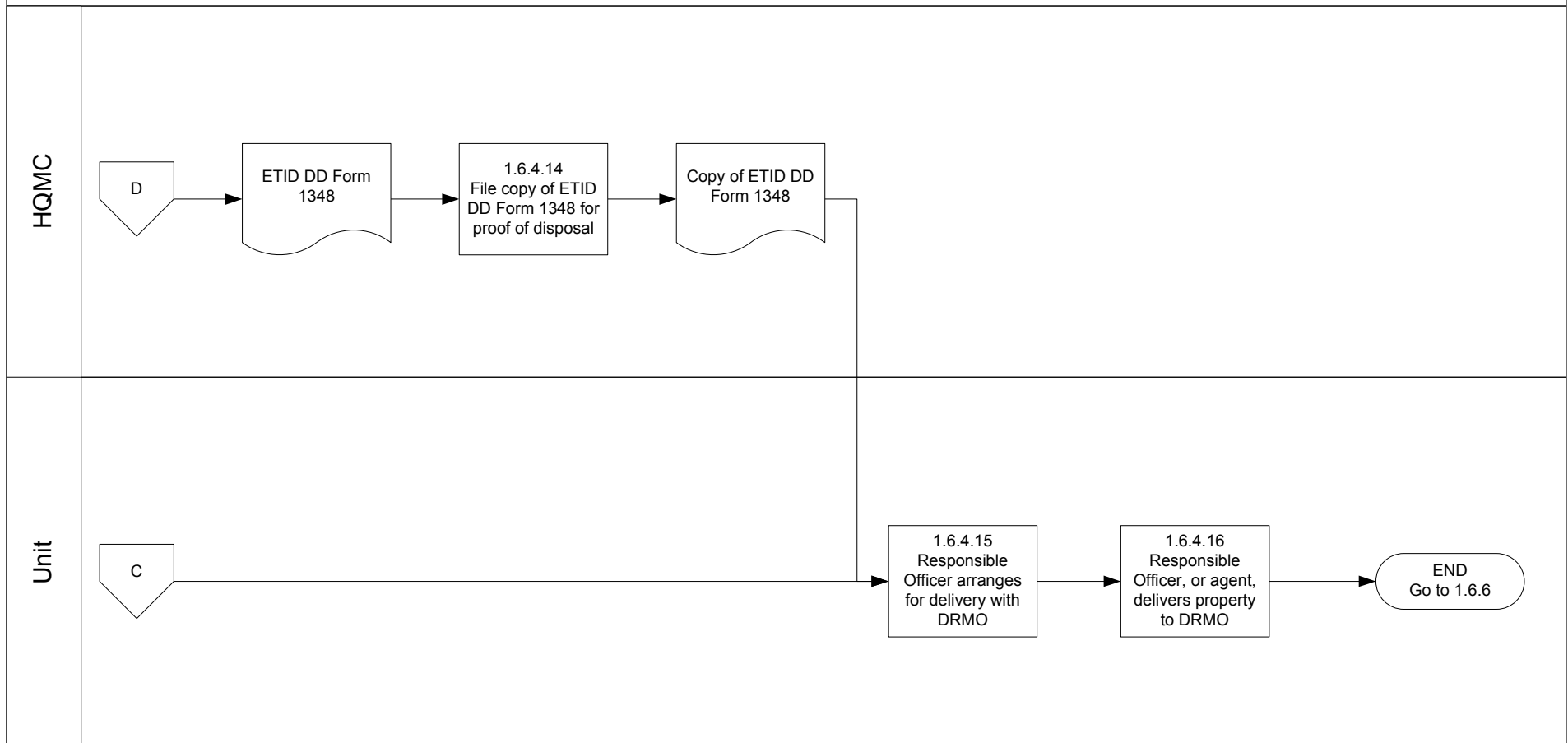


PERSONAL PROPERTY
PP-1.6 Disposal or Transfer
1.6.4 DRMO Process, Page 2



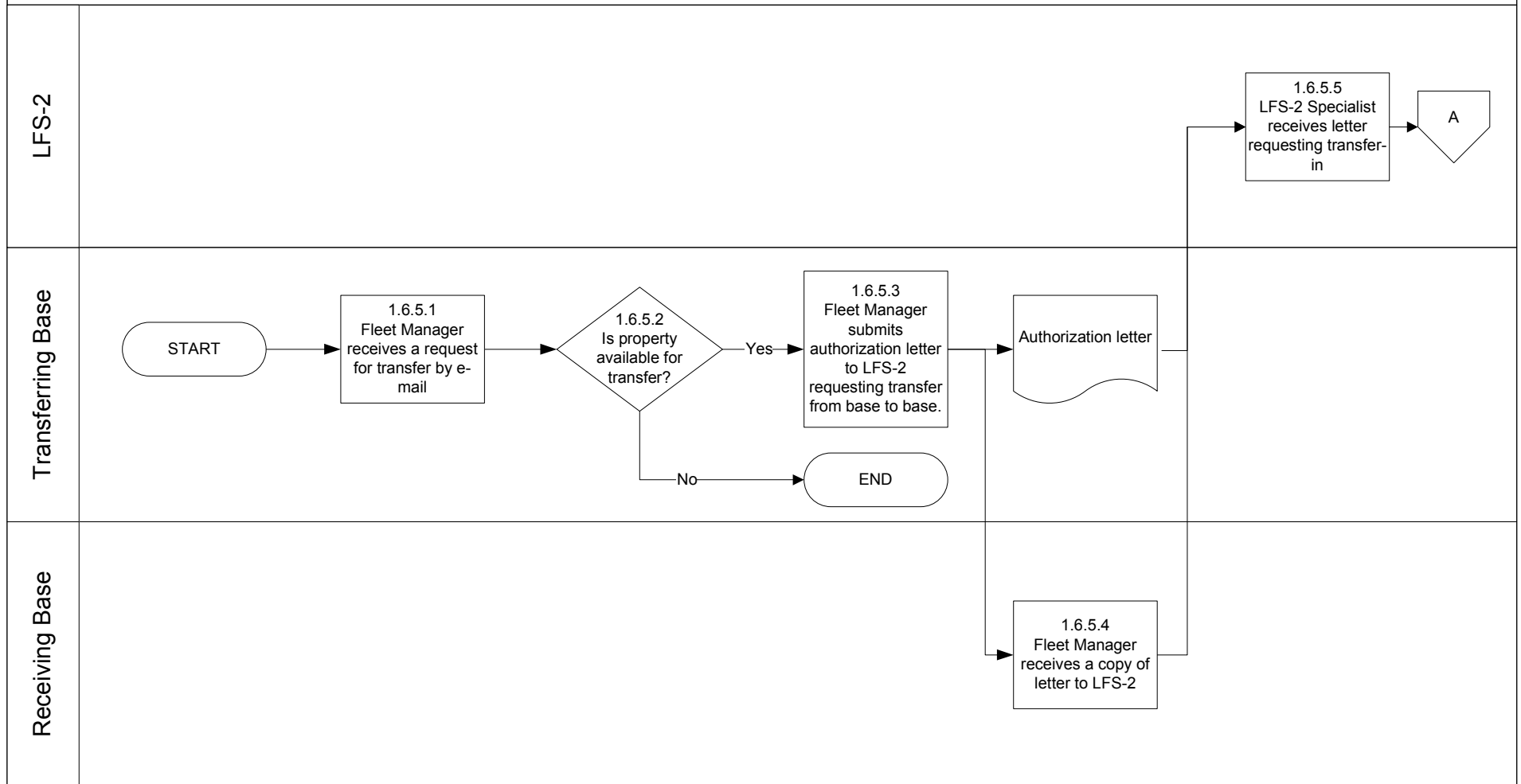


PERSONAL PROPERTY
PP-1.6 Disposal or Transfer
1.6.4 DRMO Process, Page 3



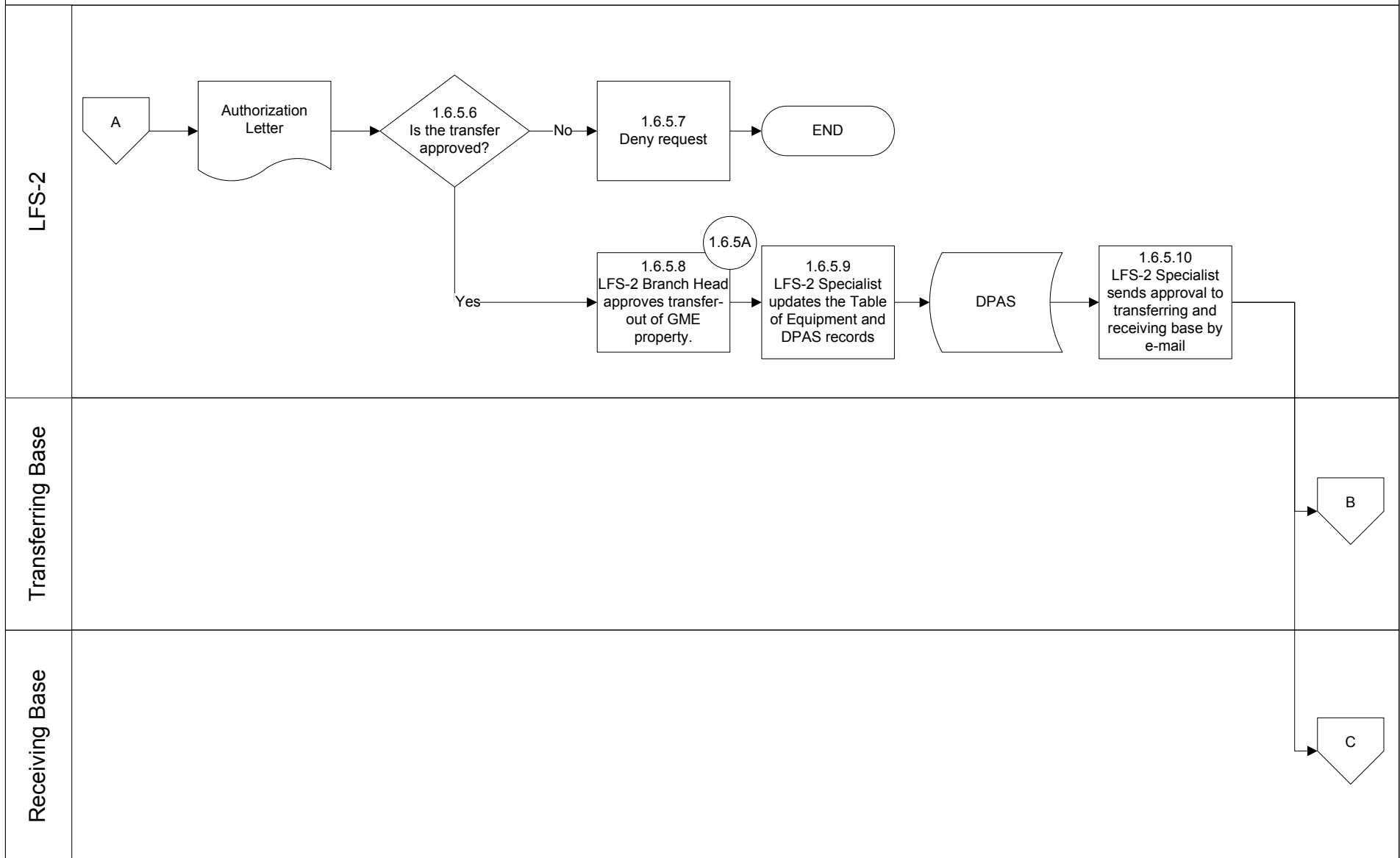


PERSONAL PROPERTY
PP-1.6, Disposal or Transfer
1.6.5 Perform Transfer-Out Property Process, Page 1



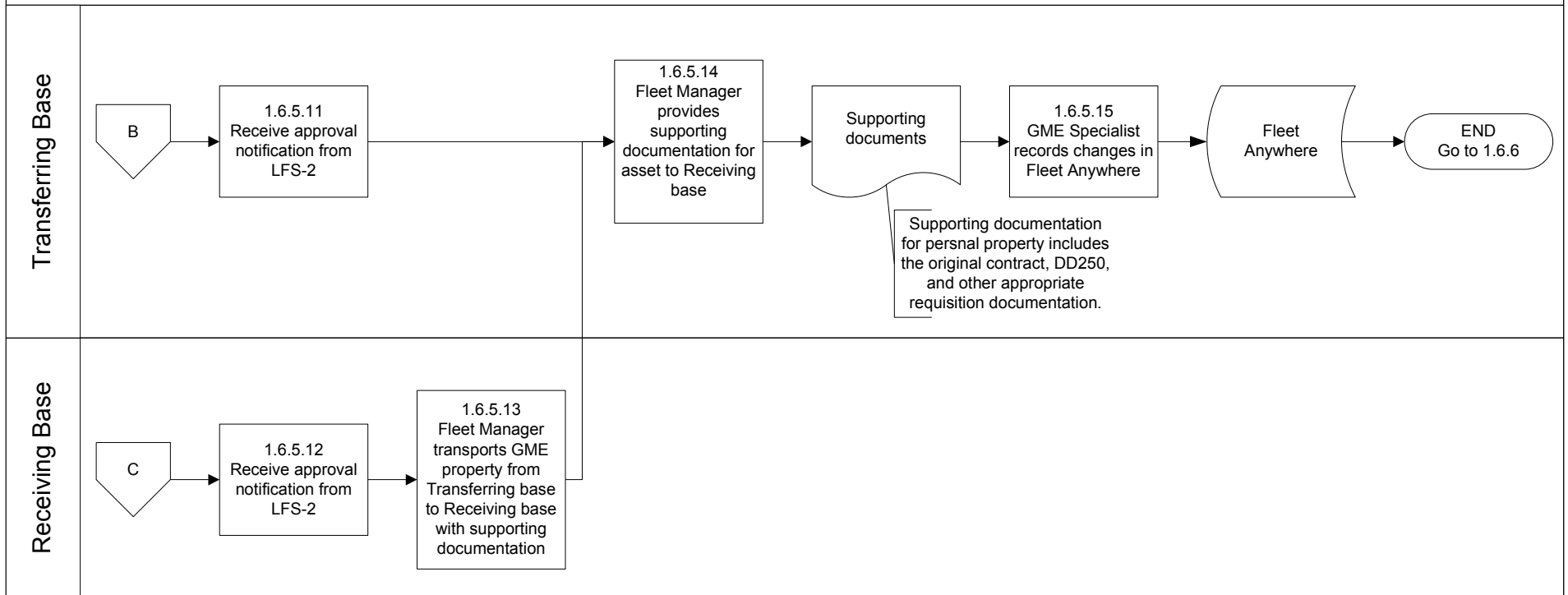


PERSONAL PROPERTY
PP-1.6, Disposal or Transfer
1.6.5 Perform Transfer-Out Property Process, Page 2





PERSONAL PROPERTY
PP-1.6, Disposal or Transfer
1.6.5 Perform Transfer-Out Property Process, Page 3



Naval Audit Service



Independent Attestation Report



Agreed-Upon Procedures Attestation Engagement of Marine Corps Personal Property Financial Statement Information

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N2008-0020

30 January 2008

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DEPARTMENT OF THE NAVY
NAVAL AUDIT SERVICE
1006 BEATTY PLACE SE
WASHINGTON NAVY YARD, DC 20374-5005

7510
N2007-NFA000-0045.000
30 Jan 08

MEMORANDUM FOR ASSISTANT DEPUTY COMMANDANT (PROGRAMS AND
RESOURCES), U. S. MARINE CORPS
DEFENSE FINANCE AND ACCOUNTING SERVICE,
KANSAS CITY CENTER

Subj: **AGREED-UPON PROCEDURES ATTESTATION ENGAGEMENT OF
MARINE CORPS PERSONAL PROPERTY FINANCIAL STATEMENT
INFORMATION (INDEPENDENT ATTESTATION REPORT
N2008-0020)**

Ref: (a) NAVAUDSVC memo 7510/N2007-NFA000-0045.000, dated 20 June 2007
(b) NAVAUDSVC memo 7547/HQMC (P&R) (PP&E) AUP No.1, dated 11 June
2007
(c) SECNAV Instruction 7510.7F, "Department of the Navy Internal Audit"

1. Background. We have completed the subject attestation engagement, announced by reference (a), and are providing the attestation report in accordance with reference (b). We performed the engagement based on procedures jointly prepared and agreed upon by the Assistant Deputy Commandant (Programs and Resources (P&R)), U.S. Marine Corps; the Director, Defense Finance and Accounting Service (DFAS) - Kansas City Center (KC); and the Assistant Auditor General of the Navy for Financial Management and Comptroller Audits, to assist in validating Personal Property Financial Statement Information for the Marine Corps. The agreed-upon procedures were conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Defense Property Accountability System (DPAS) is the system used to track and report Personal Property physical and financial data. DPAS is administered by the Office of the Under Secretary of Defense (OUSD) and operated by DFAS Columbus. It is a mixed system that provides capitalized financial information to Standard Accounting Budgeting and Reporting System (SABRS) for financial statement reporting. SABRS is the Marine Corps financial system. The adequacy of the personal property procedures performed is solely the responsibility of Headquarters Marine Corps (HQMC). We make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested, or for any other purpose. The report contains the agreed-upon procedures performed, and the results of performing those procedures, but does not include recommendations.

2. Agreed-Upon Procedures. We agreed to verify that: (1) audit trails and internal controls exist for Marine Corps Personal Property financial statement information; and (2) corrective actions have been taken on weaknesses noted in the Marine Corps Financial Improvement Plan (FIP).

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3. Scope and Limitations.

a. We reviewed the Marine Corps Second Quarter 2007 Balance Sheet Personal Property financial information for the General Property, Plant, and Equipment (PP&E) line item. General (PP&E) totaled \$8.57 billion and the Personal Property portion of this line item totaled \$39.6 million. The engagement focused on the following areas: Funding, Acquisitions, Disposals, and Financial Reporting. We performed no work regarding the Department of the Navy's (DON's) baseline value for personal property.

b. During our engagement, we visited Marine Corps Headquarters, Washington, DC; Marine Corps Base, Quantico, VA; Marine Corps Base, Camp Pendleton, CA; Marine Corps Base, HI; Marine Corps Air Facility, HI; Marine Corps Base Camp Butler, Japan; and DFAS Columbus, OH. A universe of 151 properties with remaining value totaling \$17.462 million existed for the 4 Marine Corps bases and one air facility visited. A total universe of 299 fully depreciated properties, and other properties with remaining value, totaled \$17.462 million for the five sites visited. We judgmentally selected transactions for review based on installation location and size, as well as type and value of personal property.

4. Personal Property Process.

a. The Marine Corps personal property process life cycle begins with the procurement of personal property. There are two types of personal property – Garrison Mobile Equipment (GME) and Garrison Personal Property Equipment. GME is described as mobile personal property and includes passenger-carrying vehicles, cargo vehicles, material-handling equipment, engineer equipment, and railway rolling stock. Garrison Personal Property Equipment is primarily stationary and includes uninterrupted power systems, stadium seating, waste pulpers, and conveyor systems. HQMC procures all personal property entitled GME through the General Services Administration (GSA) and Defense Supply Center Philadelphia (DSCP). HQMC provides GSA and DSCP a description of the property and the quantity needed by using a Military Interdepartmental Purchase Request (MIPR). GSA and DSCP are responsible for writing, soliciting, and awarding the contract. Overseas, GME procurement is performed at the installation. The Marine Corps installation base contracting offices procure all personal property entitled Garrison Personal Property Equipment.

b. The process for reporting personal property financial information begins at the installation level. Each installation has a Base Property Control Office (BPCO) that is responsible for identifying and categorizing personal property. These offices are responsible for maintaining inventory as well as source documentation. The BPCO must also ascertain accurate values for personal property; determine the correct depreciation amount; and report personal property financial data into DPAS. The financial information in DPAS and SABRS is reviewed by HQMC and forwarded to DFAS-KC, who prepares the Journal Voucher (JV) submitted to Department of Defense Reporting System (DDRS).

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5. Summary of Results.

a. We found that audit trails exist within DPAS for personal property transactions tested; however, the process of tracing transactions through the audit trail to source documents is time consuming and cumbersome. Transactions may be grouped together in the DPAS accounting module and listed individually in the DPAS property accountability module, impacting the process of tracing transactions between the two modules. Further, source documentation remains a weakness and opportunities exist to improve internal controls. Table 1 summarizes the results of the procedures performed for each aspect of the Marine Corps Personal Property Financial Statement Information, and Tables 3 and 4 detail the source documentation and internal control weaknesses identified by testing. The lack of source documentation and weak internal controls impact the financial statement assertions. Table 5 summarizes the effect of internal control weaknesses on the Financial Statement assertions.

b. We also found that the Marine Corps took actions to correct identified weaknesses cited in the Marine Corps Executive Financial Improvement Plan (FIP). Table 2 summarizes the results of the procedures performed. To verify whether actions were taken to correct the identified weaknesses, we conducted tests of audit trails and internal controls for those aspects of personal property. The validation package was compliant with the Office of the Under Secretary of Defense (Comptroller) (OUSD(C)) checklist criteria.

Table 1. Summary of Test Procedures Performed		
Audit Trail, Internal Control, Corrective Action, and Validation Package Test Procedures Performed	Results	
	Yes	No
Determine whether audit trails exist for Financial Reporting of Personal Property:	-	-
Audit trail exists for Funding.	X	
Audit trail exists within DPAS for Acquisitions.	X*	
Audit trail exists within DPAS for Disposals.	X*	
Automated interface exists for Financial Reporting to SABRS.	X	
Determine whether audit trails exist and are supported by source documentation (i.e. DD 250, 1149, 1155, contracts, purchase orders, etc.) of personal property.		X
Determine whether installations are reconciling personal property transactions to DPAS balances.	X	
Determine whether installations are properly monitoring personal property data in DPAS for accuracy.		X
Determine if inventories are performed every 3 years as required and documented.	X	
Determine whether corrective actions have been taken and documented on weaknesses noted in Marine Corps Financial Improvement Plan.	X	
Determine if the validation package is complete and compliant with OUSD(C) requirements for Sections 1-4 and 7 (Processes, Documentation of Audit Support, Organizational Information, and Contacts).	X	

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Table 1. Summary of Test Procedures Performed

Audit Trail, Internal Control, Corrective Action, and Validation Package Test Procedures Performed	Results	
	Yes	No
Determine if the validation package is complete and compliant with OUSD(C) requirements for Sections 5-6 (Documentation of Corrective Actions).	X	
Determine if the validation package is complete and compliant with OUSD(C) requirements for Sections 8-18 (System Audit Information).	X	

*Audit trails exist but the process of tracing transactions through the audit trail to source documents is time consuming and cumbersome.

6. Corrective Actions.

a. We reviewed FIP to determine whether appropriate corrective action had been taken on the weaknesses identified within the plan that would preclude the Marine Corps from accurately reporting personal property information. The plan was developed to achieve an unqualified opinion on DON financial statements.

b. We obtained evidence that specified corrective actions were taken by the Marine Corps for the weaknesses identified within FIP, and summarized in Table 2 below.

Table 2: Corrective Actions	
Weakness	Corrective Actions taken by HQMC
Excessive Journal Vouchers Posted to the Core Accounting System.	The Marine Corps implemented an automated interface between DPAS and SABRS to eliminate manual entries into the Data Collection Module and manual journal vouchers.
Personal Property processes are not documented.	The Marine Corps documented the personal property process and provided it to field level commands for implementation in May 2006.
Source Documents are not available to substantiate historical cost information.	The Marine Corps is currently working to obtain contract, invoice, and receiving reports to substantiate the existing inventory. In addition, the Marine Corps is putting together examples of sufficient documentation to support entries into the accountability system and will disseminate to the field commands for implementation during Calendar Year 2007. This remains a weakness.

c. To verify whether actions in Table 2 were taken, we conducted tests of audit trails and internal controls for those aspects of personal property. The purpose was to determine whether Marine Corps installations are maintaining supporting documentation, and to determine whether internal controls, processes, and systems generate auditable transactions that can be traced to detailed supporting material. The Naval Audit Service (NAVAUDSVC) Report N2002-0036, dated 13 March 2002, "Marine Corps

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Implementation of the Defense Property Accounting System,” identified weaknesses pertaining to an automated interface and source documentation. The only recommendation directed to the Marine Corps pertained to the retention of source documentation.

7. Results of Audit Trails and Internal Controls Testing.

a. We reviewed personal property data within DPAS, and determined that the system provides audit trails for funding, acquisition and disposal transactions. On 30 June 2007, an automated interface between DPAS and SABRS was implemented. In addition, we reviewed personal property internal controls and determined that opportunities for improvement exist to support the existence, completeness, valuation, and rights and obligations of personal property. The test procedures performed, and corresponding results, are discussed below in Tables 3 and 4.

Table 3: Audit Trail Test Results	
Areas Tested for Audit Trails and Source Documentation	Test Results
Audit Trails Within DPAS: We reviewed DPAS to determine if audit trails exist and are maintained to support the financial statement amounts.	We determined that DPAS has audit trails. DPAS has an accounting module which provides financial statement information by type, installation, amount, and groups' individual transactions by reporting period but does not provide a description of the property. The DPAS hand receipt module (accountability) used by the installation to record property, lists each personal property asset individually by type, installation, date, and amount. Because transactions may be grouped in the accounting module and listed individually in the accountability module, the process of tracing transactions and source documents becomes time consuming and cumbersome. As mentioned previously, DPAS interfaces with SABRS.
Rights and Obligations: We tested whether source documentation is maintained to support the rights and obligations of Personal Property Assets.	<p>We determined that Marine Corps installation personal property personnel maintained documentation to support rights and obligations with a few exceptions noted. Of 151 transactions totaling \$17.462 million, we judgmentally selected 68 transactions totaling \$10.997 million from DPAS to test for source documentation. Of the 68 transactions reviewed, 63 source documents were provided to support rights and obligations. No documentation was provided for 5 transactions. This occurred because the installations did not maintain the documentation.</p> <p>Of the 63 source documents provided, 28 were DD Form 1342, which is an outdated form. Although the Form 1342 contains all the required data, the current form to be used is the DD Form 1149 or 1348. HQMC advised that, going forward, the use of the correct form will be required of all installations.</p>

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Table 3: Audit Trail Test Results

Areas Tested for Audit Trails and Source Documentation	Test Results
<p>Valuation and Funding Documentation:</p> <p>We tested personal property values recorded in DPAS to determine whether the amount agreed with corresponding contracts and if funding documentation was maintained.</p>	<p>We determined that HQMC and MC installations personal property personnel did not maintain source documentation for many of the transactions reviewed for valuation and funding. Of 151 transactions totaling \$17.462 million, we judgmentally selected 68 transactions for \$10.997 million from DPAS to test for source documentation.</p> <p>Of 68 transactions reviewed, 13 contracts and 4 purchase orders, totaling \$ 3.217 million, were provided to support valuation. No source documentation was provided to support the remaining 51 transactions totaling \$7.78 million for valuation. All 13 contracts provided supported funding. No source documents for funding were provided to support the remaining 55 transactions.</p> <p>The installations are responsible for maintaining documentation to support property values input into DPAS and funding used for all Garrison Personal Property Equipment procured. This occurred because HQMC and MC installations personal property personnel did not maintain source documentation used to input the assets values in DPAS and funding used to procure property. GSA/DSCP writes, solicits, and awards all contracts for procured GME property and are not required to provide HQMC a copy of the contracts.</p>
<p>Capitalization Threshold:</p> <p>We tested whether personal property assets were capitalized at DON's threshold of \$100,000.</p>	<p>We determined that the tested personal property transactions were capitalized at DON's threshold of \$100,000. We tested 68 transactions totaling \$10.997 million out of 151 transactions totaling \$17.462 million from DPAS.</p>
<p>Disposals:</p> <p>We conducted tests to determine whether disposed properties were removed from DPAS within 10 working days after disposal, and if documentation was retained.</p>	<p>We determined that disposed properties were removed from DPAS as required and that source documentation was maintained for the five properties disposed of by the five activities visited.</p>

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Table 4: Internal Control Test Results	
Areas Tested for Internal Controls	Test Results
Inventories: We tested to determine whether inventories were performed every 3 years as required and documented.	We determined that documentation supporting performance of personal property inventories every 3 years exists. All five installations visited provided documentation to support that inventories were performed as required.
Reconciliation: We conducted tests to determine whether quarterly reconciliations were performed on balances reported in DPAS.	We determined that reconciliations of personal property are performed and documented. Installations are required to reconcile property records quarterly against acquisition and disposal source documentation, which is submitted to HQMC. HQMC reconciles personal property financial data monthly by comparing property reports to source documentation provided by the installations.
Monitoring: We conducted tests to determine whether monitoring of the controls of Marine Corps personal property processes and procedures was being performed.	<p>We determined that Marine Corps personnel responsible for assuring proper execution of personal property processes were not performing all duties as required. The Resource Evaluation and Analysis (REA) personnel are responsible for assuring the validity and accuracy of personal property data and for assuring property audit trail documentation is collected and maintained. These duties are not being performed.</p> <p>This occurred because REAs received Marine Corps guidance in June 2007 and have not fully implemented the requirement.</p>
We tested whether acquisition data was entered in DPAS within 7 working days after receipt.	We determined that acquisition data for personal property was not entered in DPAS within 7 working days after receipt. This occurred because personal property is receipted at the manufacture location by a Defense Contracting Agent (DCA) and shipped to the installation. Ownership of the property transfers to HQMC when the DD Form 250, Material Inspection and Receiving report is signed by the DCA. HQMC is aware of the problem and is implementing procedures to correct the delay.
Existence and Completeness: We tested for existence and completeness of Marine Corp personal property at five installations visited.	<p>We determined that properties recorded in DPAS existed, and that the data within the system was complete, with the exception of five properties, as discussed in the following paragraph. For existence testing, we judgmentally selected 148 transactions of the 299 total for the sites visited from the DPAS personal property database and verified that the properties existed by tracing the properties to their physical location. Of 148 properties reviewed for existence, all 148 were found.</p> <p>For completeness testing, we selected a total of 57 properties during our site reviews. We judgmentally selected properties (i.e. site backs) at each location where we performed existence testing, and traced the selected assets back to the personal property data base to verify that the installations included the property within the DPAS database. Of 57 properties selected, 5 were not recorded in DPAS. This occurred because the installation did not provide HQMC with the source documentation to input the property data into DPAS.</p>

b. Based on the audit test results described in Tables 3 and 4, we determined that sufficient internal controls are not in place to provide reasonable assurance that personal

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property financial statement information is correctly reported. Table 5 presents the financial statement assertions impacted by these internal control weaknesses.

Table 5. Effects of Internal Control Weaknesses on the Financial Statement Assertions					
Internal Control Weaknesses	Existence	Completeness	Valuation	Rights and Obligations	Presentation and Disclosure
Property value errors			X		X
Supporting documentation not available	X	X	X	X	X

8. Validation Package.

a. The Validation Package Guidance Checklist prepared by OUSD(C) was designed to help commands prepare for audits by providing and organizing the information needed for financial statement audits. The validation package for the Marine Corps Personal Property Financial Statement Information line item consists of 18 sections that correspond to the multiple requirements of the OUSD(C) Checklist in the Financial Improvement Initiative Business Rules, dated 23 June 2004. The validation package is required to include key documented processes and flowcharts, general ledger audit trails, evidence of corrected material weaknesses, and financial system information for auditing purposes.

b. Sections 1-4 and 7 of the OUSD(C) Checklist direct commands to identify complete procedures, processes, audit trails, and points of contact from field level to Departmental level for the line item in question. Sections 5 and 6 direct commands to complete and document all corrective actions noted in the Financial Improvement Plan for material weaknesses related for balances being asserted. Finally, Sections 8-18 direct commands to identify and obtain the system audits (Federal Information Systems Controls Audit Manual (FISCAM) or Statement on Auditing Standards (SAS) 70/88) for those systems that play a role in the financial reporting process of the line item. If a system audit has not been performed, the commands are directed to provide comparable system information within their validation package.

c. The validation package was compliant with the OUSD (C) Checklist criteria. Because Department of Defense Inspector General performed an SAS 70/88 audit on DPAS dated 27 January 2006, no action was required for Tabs 10-18.

9. We were not engaged to, and did not conduct, an audit of the subject matter. The objectives of an audit would have been to express an opinion, or provide limited assurance or disclaimer on the subject matter. Accordingly, we do not express such an opinion, provide negative assurance, nor consider materiality. If we had performed additional procedures, other matters might have come to our attention that would have

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been reported. If the results of the procedures warrant concerns sufficient for an audit, then HQMC (P&R) may request the performance of an audit.

10. This report is intended solely for the information of, and use by, HQMC (P&R) and other specified parties, and is not intended to be, and should not be, used by anyone other than these specified parties.

11. The Auditor General of the Navy must approve any requests for this report under the Freedom of Information Act.

12. We appreciate the cooperation and courtesies extended to our auditors.



LUTHER N. BRAGG
Assistant Auditor General
Financial Management and Comptroller
Audits

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